the taxpayer

Summer 2015

VICTORY

P10

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From the President

One loss, one win (for now)

Troy Lanigan
tlanigan@taxpayer.com

We may eventually have two victories, but until the dust settles after the federal election the Canadian Taxpayers Federation can claim one loss and one win on two major campaign initiatives.

In 2013 former CTF federal director and current New Brunswick MP John Williamson introduced a private member's bill, C-518, the *Protecting Taxpayers from Convicted Politicians Act.* It would strip the taxpayer-funded pension from politicians convicted of certain crimes, regardless of when or if they resign.

The bill was modelled after a successful CTF campaign in Nova Scotia, where the former NDP government passed a similar measure.

In February of this year, C-518 passed the House of Commons by an overwhelming majority of 257 to 13. In a Parliament where the partisan divide is particularly striking, the near-unanimous level of support across all the major parties was evidence of a rare non-partisan consensus.

But when the bill moved up to the Senate, a different consensus emerged: overwhelming rejection. In fact, senators made sure the bill died when they shut down for the last time before the election.

We know of at least one Canadian who is thrilled: former Liberal senator Mac Harb, whose fraud trial began in August. He can expect to keep his fully-indexed $122,000 annual parliamentary pension regardless of the trial's outcome.

The CTF will be pushing party leaders during the federal election to commit to re-introduce this bill as a government bill in the next Parliament.

On a brighter note, this issue's cover story details the CTF's David versus Goliath victory in a recent Metro Vancouver plebiscite in which voters said no to a 0.5% sales tax increase to fatten the coffers of regional transit authority TransLink.

"With 61.7% voting No to the sales tax hike, the CTF achieved one of our most significant victories ever."

Make no mistake: this victory was not a regional one. Big-city mayors across Canada were watching the results closely, hoping that voters would roll over for yet another tax increase.

When the CTF launched its "No" campaign in December 2014 it appeared an uphill battle; a poll at the time showed 52% supporting Yes and 39% supporting No.

The Yes campaign was backed by more than 150 organizations including the Vancouver Board of Trade, the British Columbia Chamber of Commerce, business magnate Jimmy Pattison, the British Columbia Federation of Labour, and a myriad of unions, student organizations and environmental groups including the David Suzuki Foundation and Greenpeace.

But it was even bigger than that. The Yes side had a budget of at least $7 million — almost all of it tax dollars.

The No side was led by CTF director Jordan Bateman and campaign manager Hamish Marshall — on a budget of $40,000. The No campaign was later joined by the Canadian Federation of Independent Business, a few breakaway small business groups, a handful of local leaders and commentators, and three of the region's 22 mayors.

With 61.7% voting No to the sales tax hike, the CTF achieved one of our most significant victories ever.

Of all the reaction, it was a Yes proponent, Simon Fraser University professor Gordon Price, who paid us the greatest backhanded compliment: "You got people in Vancouver, for God's sake, to vote against transit. You slayed the green dragon in its own den." t

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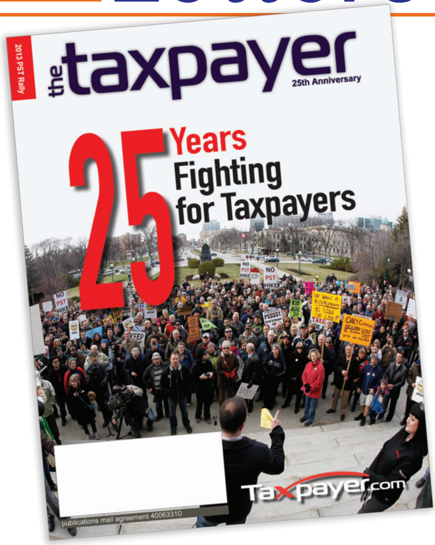
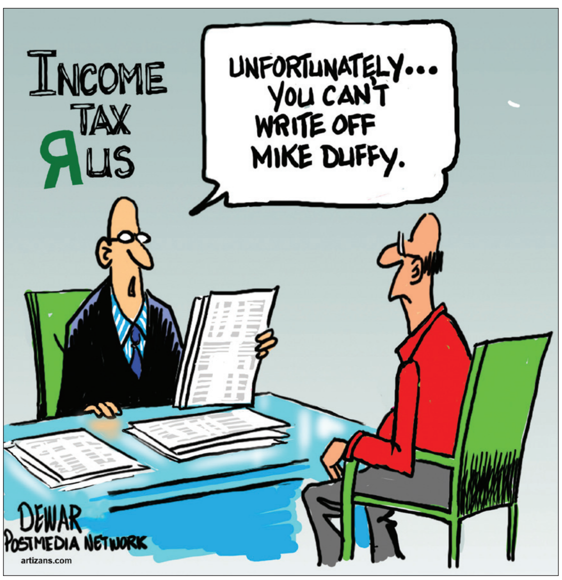


The Taxpayer magazine 25th anniversary edition (spring 2015) is excellent. Great job. I was surprised to see my (then–anonymous) letter from 1999 on page 4. It sure brings back memories for someone who had retired from Industry Canada just a year earlier. The letter noted that "Hopefully, taxpayers will realize that they are being duped, before many more sizable gifts are provided to large, wealthy and powerful corporations." But the subsidies and job creation claims are continuing: e.g. Pratt & Whitney Canada got another $1.356 billion from Industry Canada between 2000 and 2015, plus whatever tax credits and direct funding from Quebec or Ontario taxpayers.

Cliff Oldridge
Ottawa



First past the post

It would be tempting to speculate that the Alberta Progressive Conservative Party would be inclined to consider the merits of Proportional Representation after their latest disaster at the polls.

A proportional ballot would have left them with 24 seats and Jim Prentice could have stayed on as the leader of the official opposition. The end result would have been a provincial legislature with all parties fairly represented according to the popular vote, and a lot of experienced MLAs would still be there.

The "first past the post" voting system was designed for two-party politics. When several parties participate in an election, the governing party will usually represent only about one-third of the popular vote. More importantly, the political centre field that normally ensures stability and productivity from one government to the next is lost when you have a political "house-cleaning" like the recent election in Alberta.

The colonial system leaves a lot of political power with the politicians.

Canadian politicians have abused that power and used it to undermine our treasured democratic institutions. Our political leaders have arbitrarily adopted party discipline to control how democratically elected members of our federal and provincial legislatures act and vote. Party policies are being written by party leaders, not the people.

Andy Thomsen
Peachland, BC

Pat on the back for TransLink victory!

Jordan Bateman deserves a great deal of credit for the No vote regarding a proposal to add a 0.5% tax increase to the provincial sales tax to fund TransLink's expansion plans. Against all the early odds and the governments (local and provincial), the vested interest organizations and the newspapers, let alone TransLink itself, over 60% of the voters said a resounding "NO!"

The Yes side missed some crucial points: 1) We are taxed to death and 2) TransLink cannot be trusted from a financial perspective.

Gordon Hood
Buckley Bay, BC

Our votes are not for sale!

As a donor to the CTF I always look forward to the next issue of *The Taxpayer* (but not without some apprehension because I know full well that I will get upset with what politicians are doing with my tax dollars).

We have entered into another federal election campaign and "goodies" will be promised. This time-worn ruse never fails to win votes. And this is very sad because the electorate fails to see beyond these promises and realize that they are being bribed with their own money. Governments do not make money, they take it from taxpayers and then spread the largesse around

Letters to the editor

Letters may be edited for length, content and clarity.
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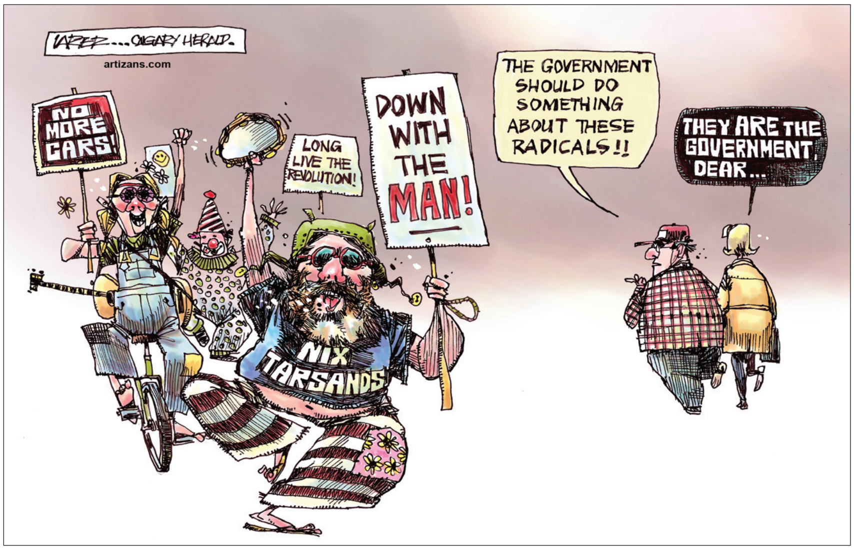
where it will do the party the most good.

I'm going to continue supporting the Canadian Taxpayers Federation because it is the only "watchdog" that gets government's attention when it "barks." It speaks for me.

B. Elmer Borneman
Chase (Adams Lake), BC



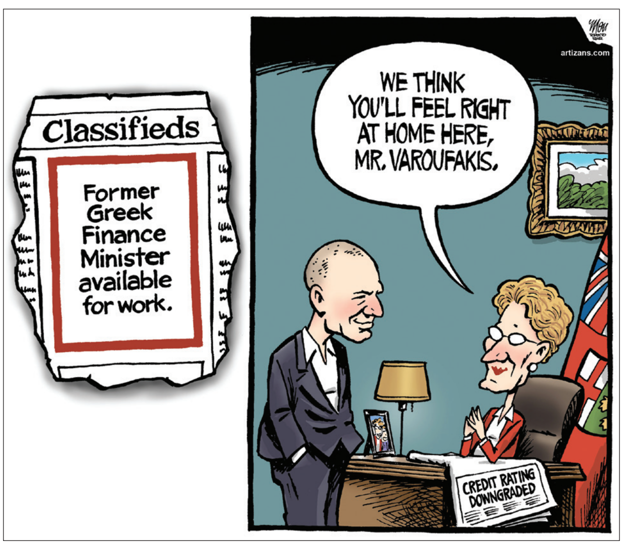
Taxes and freedom

In the journey from the days of the Magna Carta and still true today, taxation is the fundamental relationship between those who rule and those who are ruled. By definition, as taxes increase so does the size of government. Also by definition, as the size of government increases our freedoms erode.

Usually the discussion about taxation is framed by what government takes from us. That is an important issue as often it is too much and ultimately leads to a reduction of economic activity and little or no incremental revenue. However, in my view, the more insidious aspect of taxation is what governments do to our freedoms with the money that they confiscate. Over time and especially in recent years, the huge increase in the size and power of regulatory bodies is damaging to our prosperity and our individual rights. That is not to deny the importance of smart and focused regulation.

The above is why I salute all of you at the CTF and your important work on behalf of Canadian taxpayers.

Herb Pinder, Jr.
Saskatoon



F-35s or submarines?

I learned to fly in 1943 and served in the Second World War. I obtained my Canadian and US commercial pilot's licences and many ratings. After the war I flew all over North America, the Arctic, the Caribbean, France, Norway, Sweden and Britain, for mining companies, prospectors, government agencies, fisherman and hunters. I obtained a Cessna and Beechcraft dealership, which led to me buying, repairing and selling almost 500 aircraft in my life including 105 DeHavilland of Canada Beavers, 64 in one lot from the US Army.

I wrote the prime minister on the F-35 deal and how Canada was being taken and misled. In the letter I suggested that Canada should follow Sweden in the Cold War and have a Canadian company build a twin-engine jet like Sweden's single-engine. That plane could be based all over Sweden on any 2,500 foot surface. Sweden is a lot smaller country than Canada, so we should have a twin.

Russia and China are building their new twin-engine jet fighters so they can do this.

However, I believe submarines are the future attack items of a war, not bombers, as proven in Libya. The new ones are hard to detect as Sweden and Britain found out. Both their and Canada's anti-submarine aircraft had no luck to find them. Russia's new model 885 submarine has supersonic cruise missiles with over 3,500-mile range. They have intercontinental ballistic rockets that can be fired up through more than six feet of Arctic ice. Why are we wasting billions of taxpayers' money on a single-engine jet fighter? Build one that can protect Canada and make it harder for submarines to hit.

John Bogie
Ottawa

Wastewatch

Compiled by
Dean Smith

Transit employees are fit to be tried

Toronto police allege that employees of the Toronto Transit Commission (TTC) conspired with a Healthy Fit store to defraud the city's benefit program by purchasing a variety of different types of equipment such as knee braces and orthotics.

In some instances, it's alleged the store supplied fraudulent invoices and in other cases highly inflated prices and, according to police, the transit employees and store split the cash.

In total, Healthy Fit submitted claims for about 500 employees valued at more than $4 million. Not all these claims are expected to be fraudulent.

Police have charged the owner and two employees from Health Fit. A number of TTC employees are also under investigation, in what police describe as a complicated fraud.

The alleged fraud was exposed through the agency's whistleblower program.

Source: *National Post*

Why fill potholes when you can buy fancy lights?

The committee organizing the 375th anniversary of the city of Montreal in 2017, which also coincides with the 150th anniversary of Canada, has just announced it will be spending nearly $40 million to put a light display on the 2.5 km Jacques Cartier Bridge.

The money will come via a $30-million contribution from Jacques Cartier and Champlain Bridges Inc., which is largely funded by the federal government, and the city of Montreal which will kick in $9.5 million.

The organizers promise a "masterpiece" with 365 different shades of colour programmed to reveal interactive displays. It is expected to show different colour sequencing every day.

Montreal Mayor Denis Coderre called it a "good investment."

Source: *CBC News*

Mukluk manual

How many pages of instruction do you need to produce mukluks? Well, if you want to do work for the Department of National Defence (DND), apparently 167 pages.

The department put out a tender to produce 12,000 pairs of mukluks, 24,000 laces and 36,000 pairs of liners.

As part of this tender it issued a 167-page manual entitled, "Performance specification for the Canadian Forces Product Improved Extreme Cold Weather Mukluk Assembly," outlining its requirements for the boots.

This includes a clear indication of which is the right and left mukluk and instructions on how they should be delivered:

> "The boots must be laced by threading through the lower portion of the front closure at the very least and loosely tied, joining the boot pairs together."

As for the remaining 167 pages of instruction, the department wanted to make sure, among other things, that they were white.

Source: *Blacklock's Reporter*

Heaviest Arctic ice in 20 years.

$100 million in corporate welfare to Toyota

The federal and Ontario governments will be giving Toyota, the world's largest car manufacturer, a taxpayer subsidy.

Ontario will give Toyota a $42-million grant and the federal government will cough up a $58-million "repayable loan." (Presumably as opposed to a "non-repayable loan," otherwise known as a "gift.") The money will be poured into an expansion of Toyota's plant in Cambridge, estimated to cost $421 million.

According to the Ontario government, its portion will fund 25 new jobs at a cost of $1.7 million each.

Meanwhile, the Ontario government is running an annual deficit of $10.9 billion.

Citing privacy concerns, the federal government refused to reveal the conditions attached to its "repayable loans."

In the past, these conditions, which can sometimes be based on sales targets, often negate repayment of the loan.

Source: *Toronto Sun*

Who negotiates these contracts?

On Dec. 31, 2014, the Peterborough-Lakefield Community Police Service was disbanded. The police force formerly operated by the city of Peterborough and the neighbouring community of Lakefield will now be solely owned by Peterborough.

Peterborough police will be contracted to provide service to Lakefield over the next four years.

During the changeover, Police Chief Murray Rodd and Deputy Chief Tim Farquharson were laid off … and then immediately rehired to fill the exact same positions in the new force.

Because they were "laid off" for a few minutes, the two received severance payments that reportedly could total as much as $400,000, even though they never lost their jobs.

The two justified their payments saying they were guaranteed to them under the city contract, stating "a contract is a contract."

Residents of Peterborough were understandably disgusted by the payout as the severance was never intended for this type of abuse.

Source: *National Post/Peterborough Examiner*

Somebody, please cut up those credit cards

Last year, the British Columbia government decided to post online all credit card purchases made by its employees.

In 2014-15, $45.1 million was spent through 102,418 credit card transactions. This was up from $41 million spent the previous year.

The transactions ranged from 1,250 purchases worth less than $5 to the largest credit card payment of $92,500 paid by Ministry of Children and Family Development (MCFD), which used a credit card to pay its bill at Sensus Communications.

The MCFD also booked some exotic travel destinations including spending $25,907 on trips to the Taj Mahal, $51,193 at India's Taj Hotels and $37,495 at Beijing's Millennium Residences. In ad-

Taxpayers subsidized sex manuals for seniors?

dition to fancy trips, the ministry even coughed up $160 for somebody's passport so they could go.

Food was another favourite of the children's ministry, including $2,495 for a meal at Victoria's Saaz restaurant. We also can't forget doughnuts and coffee from Tim Hortons, where MCFD paid a total of $575 over the year.

In total, all departments spent more than $30,000 on golf courses, of which more than $20,000 was booked by … none other than the Ministry of Children and Family Development.

Source: *The Province*

Modern-day booze smuggling

In October 2012, RCMP in New Brunswick arrested Gerard Comeau because he crossed the bridge from his hometown in Campbellton, NB, to Point-a-la-Croix, QC, where he purchased 12 cases of beer and three bottles of alcohol.

Quebec has some of the lowest sin taxes in Canada, making it worth Comeau's time to make the trip up to three times a year.

At the time Comeau made his purchase, taxes for off-sale purchases in Quebec were even lower than the taxes paid on alcohol consumed in a restaurant. That law was changed in 2014 and tax rates are now the same for both.

New Brunswick law forbids the transportation across the border of more than 12 pints of beer or one bottle of wine.

Comeau will finally have his day in court this year to find out if it is legal in Canada to purchase goods in another province. The Canadian Constitution Foundation will represent Comeau in the case.

Source: *Montreal Gazette/StarPhoenix*

Global warming irony

Prior to becoming a scientific research vessel, the CCGS Amundsen was an icebreaker for the Canadian Coast Guard operating under the name of Sir John Franklin.

In 2003, it was purchased by a group of universities and, with funding from the federal government, it is used to study the impact of global warming in the Canadian Arctic.

This year the Canadian Coast Guard was forced to call upon the CCGS Amundsen to return to its original job as an icebreaker because of the high volumes of ice in Hudson Bay.

With only two icebreakers available, the Coast Guard was having trouble breaking ice so that vessels could resupply coastal villages.

Coast Guard spokesperson Johnny Leclair said this was the heaviest ice he has seen in 20 years.

Source: *CBC News*

Government vs. private jobs

According to a study by the Fraser Institute, between 2003 and 2013 the size of the government sector in Canada grew by 22.6% compared to only 10.7% for the private sector.

The province with the highest government-sector growth rate over this period was Alberta, with a 31.9% increase (although the province's private sector grew by 29.3%).

Second was Ontario, which had the highest differential between government and private sector employee growth rates. Its government sector grew by 27.6% while the private sector grew by a dismal 5.6%.

Third was BC with a government-sector growth rate of 24.3% and a private-sector rate of 14%.

Photo: Flickr/Larel L Rasswurm

A 167-page instruction manual for making mukluks?

Only Newfoundland saw its private-sector growth rate (14%) exceed the government sector, which “only” increased by 11.8%.

Source: *Toronto Sun/Fraser Institute*

More sex manuals for seniors

The federal government has just reinstituted a program for seniors that last year cost taxpayers $34.1 million.

Called the New Horizons for Seniors program, it hands out grants to seniors’ organizations for projects that benefit a “broad clientele.” One of the stipulations for a grant is that the projects must be senior-led.

Last year, a number of projects received funding including $21,670 for a seminar entitled “Fifty Shades of Grey: Tips to maintain your sexual health.”

Senior clubs were also major recipients including a bowling club in Quesnel, BC, that received $18,000 for a new lawn mower. A club in Pilot Mound, MB, got a cheque for $5,175 to help purchase several items including a billiard table and a new TV.

Another organization in St. John’s received $25,000 to buy copies of “Sex over fifty-five” and $14,085 went to an organization in Westlock, AB, to purchase iPads.

However seniors’ clubs weren’t the only recipients. Art Flow Gallery received a grant for $14,130 for its program entitled: “Golden Age meets sunrise: Seniors teaching the young generation Chinese arts.”

Tai Chi lessons for a Toronto organization cost taxpayers $25,000.

Source: *Blacklock’s Reporter*

Secret funding for golf course

The year before it was soundly defeated in spring’s provincial election, the Alberta Tory government had agreed to cover the costs for flooding damages that occurred in 2013 at a luxury golf course in Kananaskis.

The contract called for a payment of $15 million. After the deal was exposed, then-premier Jim Prentice cancelled the project effective March 31. By that point, Alberta taxpayers had already coughed up $9.3 million and were on the hook for another $800,000 in outstanding invoices.

Records show that some of the course operators have had strong ties to the previous Conservative government.

Source: *National Post*

Manitoba builds hospital a skateboard park?

Complaints are coming in about a wheelchair access the Manitoba government built for the Steinbach Bethesda Hospital.

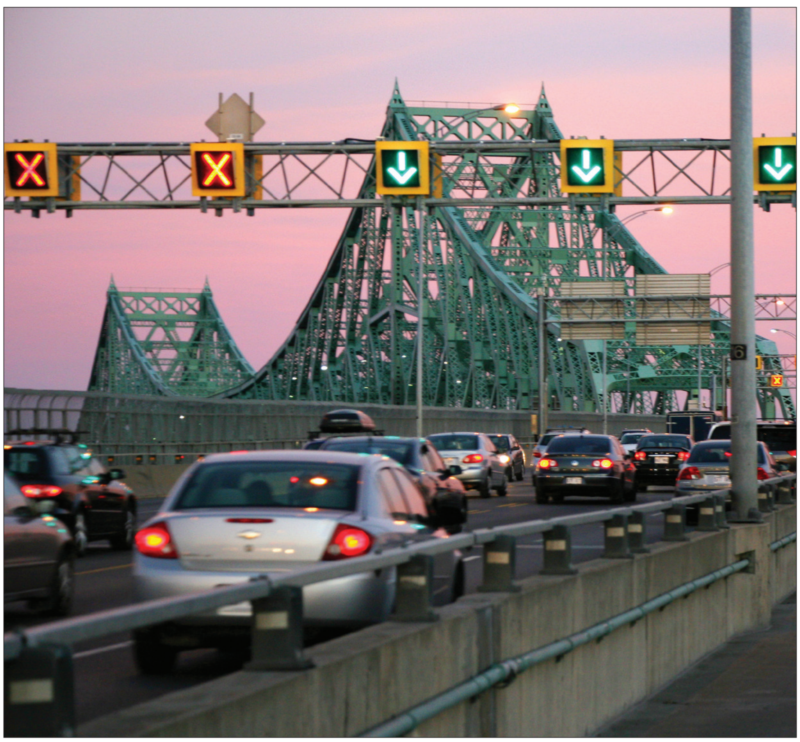
The renovations completed in 2014 cost taxpayers $4.5 million. However, many wheelchair users are complaining the ramp is so steep and long that it is not navigable. Even those using canes find the stairs easier to use than the ramp.

Many suggest it would better serve as a skateboard ramp than a wheelchair access.

The government has put out tenders to fix the ramp but in the meantime it installed a button at the bottom so those in a wheelchair can contact hospital staff for help.

Source: *Winnipeg Sun*

$40-million light show on a bridge?



Jacque Cartier Bridge/Flickr/Ailafm

COVER STORY

Slaying the TransLink tax dragon:

62% reject the TransLink tax

David beat Goliath – and it wasn't even close.

by Jordan Bateman
BC Director

In a historic victory for your Canadian Taxpayers Federation, which led the winning No TransLink Tax campaign, Metro Vancouver voters voted 62% against a proposal to create an additional half-point sales tax.

The referendum was promised during the 2013 provincial election campaign by Premier Christy Clark, who said that without voter approval, she wouldn't hand over new taxation powers to TransLink, the region's transit authority. After more than a year of trying to convince the premier to break that promise, the region's mayors settled on a sales tax to fund a $7.7-billion wish list and set a mail-in vote for spring 2015.

While the mayors dithered, the CTF got to work. We knew we had to lead the charge against the tax, as the TransLink mayors' plan failed all three parts of our CTF test for public policy.

Lower taxes

The sales tax would have brought in $250 million a year from the roughly one million households across the Lower Mainland. That meant anoth-

er $250 in taxes for families that already pay TransLink 22 cents per litre on gasoline, a $2-per-month levy on electricity bills, a 21% parking tax, bridge tolls and an average of $250 per year in property tax. We also knew it would be a dangerous precedent to allow cities to start dipping into the sales tax till.

Less waste

During the campaign, we published more than 80 specific examples of TransLink waste, not the least of which was the $468,015 salary of TransLink CEO Ian Jarvis — who made more than the prime minister, premier or the head of any other transit agency in North America. His pay included a lucrative car allowance of $1,200 a month. TransLink "won" the 2015 lifetime achievement Teddy Waste Award from the CTF.

More accountability

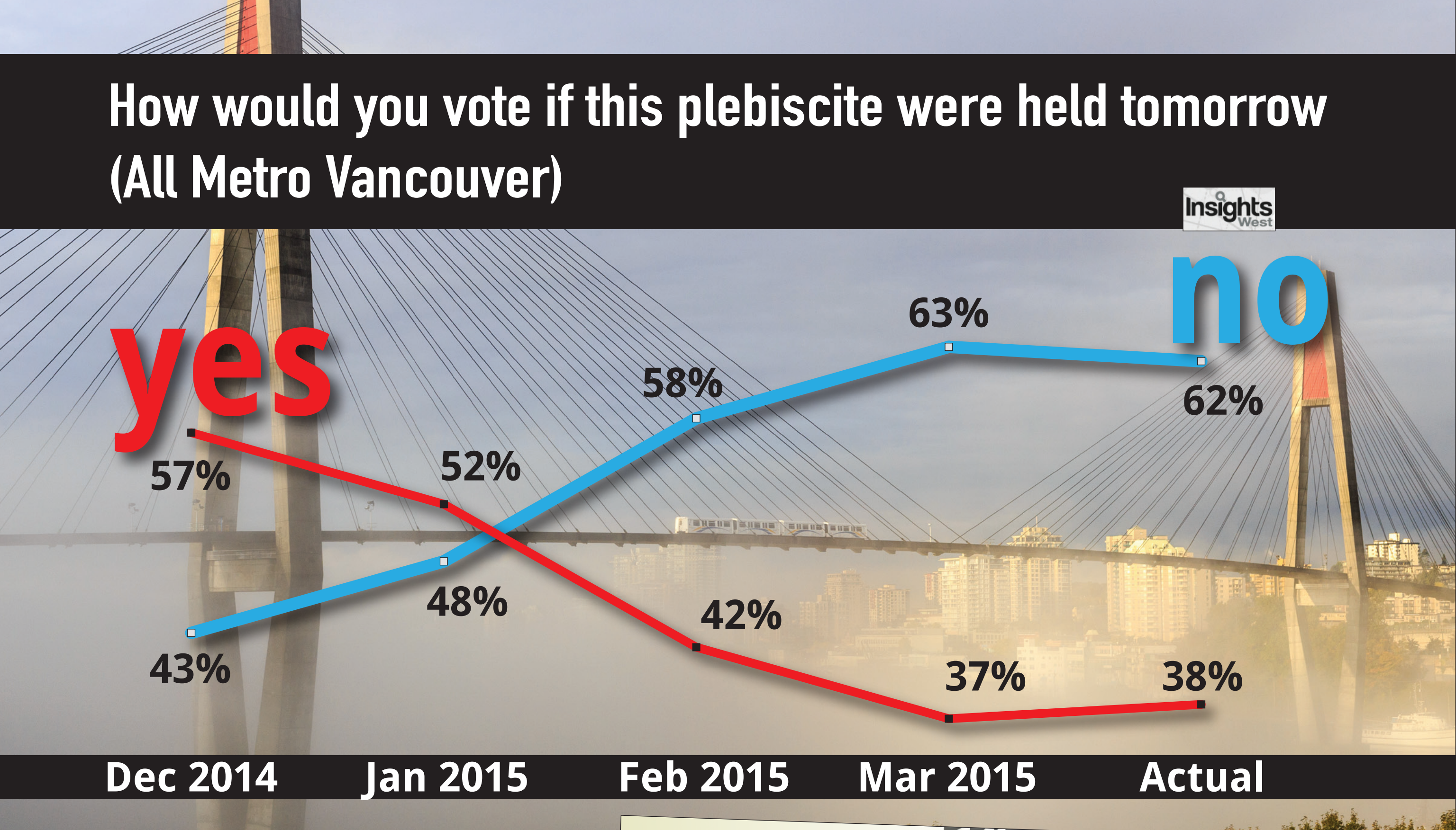
The TransLink boards of directors, all six of them, make their decisions in secret. They are notoriously tone deaf to the concerns of both taxpayers and riders. During a 2014 SkyTrain shutdown, a highly-paid TransLink spin doctor channelled Marie Antoinette's best let-them-eat-cake attitude and told frustrated, hours-late riders to "go for a coffee … it would be good for the local economy."

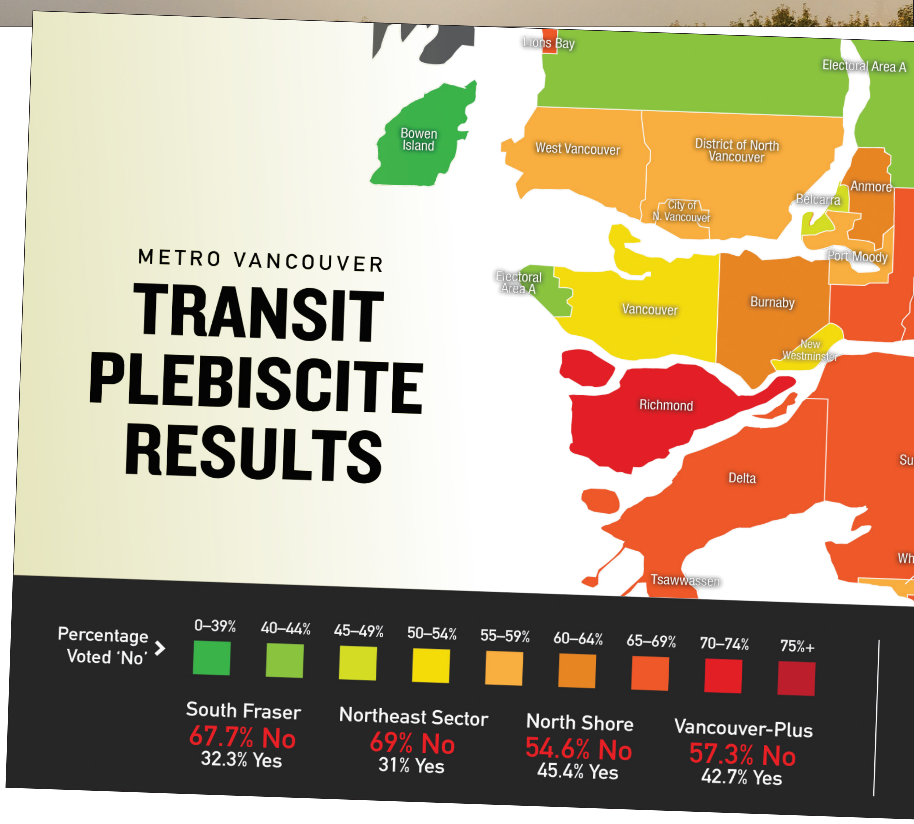
> "Yes side strategist Gordon Price on the results: 'From the point of view of the Canadian Taxpayers Federation … what a winner! You got people in Vancouver, for God's sake, to vote against transit. You slayed the green dragon in its own den.'"

We wrote our first campaign plan in the summer of 2013, just weeks after Clark was re-elected. Our premise was simple: "TransLink wastes too much of our money to be trusted with more of it." It's a mantra we would repeat hundreds of times over the coming two years, and it became our core message, especially when we brought the brilliant Hamish Marshall on board as campaign manager.

In December 2014, the TransLink mayors gathered in New Westminster to approve a referendum on a sales tax. As CTF BC Director and spokesman for the No TransLink Tax campaign, I went to the meeting to be sure the media and politicians understood that we would be leading the charge against the tax. At the time, we thought other groups would step up and oppose the tax as well; very few actually did, and none with the ferocity or profile of the CTF.

The first public poll, put out in December, showed we





were down 57% to 43% among decided voters. But we had a plan.

We came out hard on TransLink waste in January. We pushed stories about fare evasion and published a 2015 calendar highlighting 12 examples of TransLink mismanagement. We launched our brilliant NoTransLinkTax.ca website, designed by the talented Brendan Jones of Torch Agency, making a persuasive (and humorous) case against the tax.

To broaden our appeal beyond anti-tax voters, we contracted accountant Sacha Peter to do a detailed financial analysis of the mayors' plan and to offer other solutions to fund it. Peter came up with the appropriately-named *Better Plan*, which showed the TransLink mayors could fund their entire plan by reallocating just 0.5% of their city halls' annual 5% revenue growth.

By the end of January, we had closed the gap in the polls to four points, down 52% to 48% to the Yes side. I was doing dozens of interviews every week, so to help me carry the burden, we brought on Charter Lau as a Chinese media spokesman, and Dr. Shinder Purewal as a Punjabi media contact. Brittany Allison also came on board as our volunteer coordinator — a job we thought would be fairly modest, but turned out to be very busy when more than 2,000 people volunteered to help the campaign.

The Yes campaign had more than 150 groups on their roster: virtually every provincial and municipal political party, unions like Unifor, environmental groups like the David Suzuki Foundation, university and student groups, business groups like the Van-

couver Board of Trade and even public health officials. They went into overdrive campaigning for this tax, using contact lists and money we could only dream of.

TransLink and the mayors spent nearly $7 million in taxpayer money to try to buy the vote. Yes side ads blanketed the region's newspapers, radio, TV, social media and transit system for weeks. In contrast, our No side spent less than $40,000, all raised through voluntary donations. In the end, the Yes side spent $23.44 for every vote they claimed; we spent 8.5 cents for every No vote.

The harder the Yes side tried, the faster they fell in the polls. Vaughn Palmer, the Vancouver Sun columnist, put it like this: "As the province's legendary populist premier W.A.C. Bennett used to say, 'everyone's against us but the people.'"

Indeed, the people were with us. With no prompting from our campaign, social media exploded with anti-tax messages. Every media story on the tax drew dozens of comments repeating our concerns about TransLink and the cost of living in the Lower Mainland. One Facebook Yes ad, paid for (with tax dollars, of course) by the TransLink mayors, drew 800 likes — but more than 1,100 comments opposing the tax. Mayors were heckled on phone-in radio shows until some simply refused to speak out any more.

On Feb. 11, panicked by our surge in the polls, the Yes side made the biggest blunder of their campaign. Vancouver Mayor Gregor Robertson convinced the TransLink board of directors to fire CEO Ian Jarvis, a man our website had cheekily dubbed "the face of the waste."

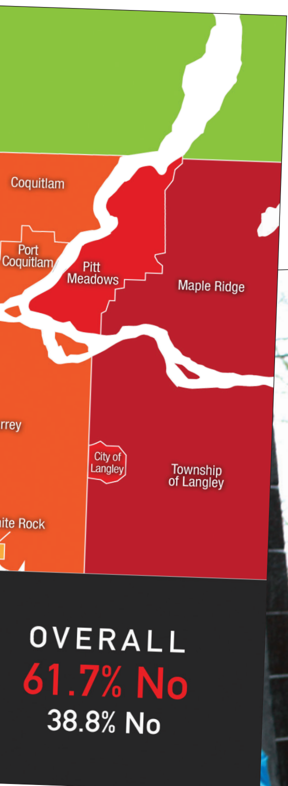
But instead of showing Jarvis the door, they kept him on full salary and "reassigned" him to be a special advisor to the board. A second CEO, Doug Allen, was hired at $35,000 per month. Robertson claimed the move would "restore public confidence" in TransLink. What it actually did was prove our message: TransLink was wasteful, and if even the threat of a No vote could get a CEO fired, imagine what a full defeat would do.

Our campaign, the media, and the public went ballistic:

> "Keeping Jarvis to advise TransLink is like keeping Torts (fired coach John Tortorella) to advise the Canucks," I tweeted.

> "TransLink paying for two CEOs to achieve 'efficiencies' and boost public confidence? I'd say it will have the opposite effect," wrote *Province* columnist Mike Smyth.

> "Can someone explain to me how paying two CEO salaries to June 2016 'restores public confidence' in



BELOW: No TransLink Tax campaign manager Hamish Marshall preparing lawn signs.

TransLink?" asked *Sun* reporter Jeff Lee.

The Jarvis debacle confirmed to voters that TransLink wasted too much money. For the next three months, any time we were challenged that TransLink wasn't so bad, we returned to the firing: "If TransLink is so wonderful, why did they fire their CEO?"

A few days after the Jarvis announcement, a poll showed we were firmly in the lead, 58% to 42% and we turned a 14-point deficit into a 16-point lead.

In March, the Yes side did everything they could to salvage the vote. They spent millions in taxpayer dollars, pestered people with as many as 10 robocalls, contracted BC radio legend Bill Good to host a dozen telephone town hall meetings, and put out a raft of flimsy reports that claimed a Yes vote would create unprecedented (and frankly, unbelievable) economic growth, cut congestion, and even lower asthma and heart disease rates.

Attacks against both the CTF and me personally escalated. Parody Twitter accounts popped up and some very nasty comments were made. "Don't worry about it," Marshall told me. "If this is a vote about whom people hate most — TransLink or Jordan Bateman — we'll win that every time." "Thanks, I think," I replied.

We kept making our case, highlighting more examples of waste, and using the massive taxpayer-funded Yes side war chest as the prime example. The *Globe and Mail*, which editorially supported the tax, noted our work. "Mr. Bateman helped change the image of the agency, making it a major target of attacks for the past four years, saying its managers are overpaid, meetings are held in secret and money is wasted on everything from public art to staff parking passes."

Our donors put together a few dollars so we could buy 800 lawn signs, one for every three square kilometres across the Lower Mainland. Volunteers put them out and ham-fisted municipal officials confiscated hundreds of them. This turned into more positive press for us, putting us on the front page of the *Surrey Leader* and *Tri-City News* and as a top story on *Global News Hour*. It reaffirmed that we were the underdogs, and attracted far more eyeballs to our signs than if they'd been sitting by a roadside.

Residents started receiving their

ballots in mid-March. Just before voting started, two final polls were done. In early March, one showed us up 63% to 37%.

Eleven weeks passed, as the Yes side had written the voting rules to give themselves the maximum possible time to campaign. They also developed a ballot that was essentially an ad for the Yes side; we weren't allowed to include any details on why people should vote No.

> "Attacks against both the CTF and me personally escalated. 'Don't worry about it,' Marshall told me. 'If this is a vote about whom people hate most — TransLink or Jordan Bateman — we'll win that every time.'"

We crowd-funded nearly $2,000 to fly an airplane pulling a banner saying, "Vote NO to TransLink Tax!" above the Vancouver Marathon. Our people handed out thousands of flyers, talked to family, friends and neighbours, and did whatever they could to encourage a No vote.

Finally, voting closed on May 29 and the counting began. Five weeks later, Elections BC announced the result: a landslide 62% to 38% win for the No side. Turnout approached provincial election levels at 51%. We even won Yes strongholds Vancouver and New Westminster, further devastating the Yes side and their leader Robertson, the Vancouver mayor.

Our victory not only saves Lower Mainland taxpayers money; it's forcing mayors across the country to rethink their efforts to get a municipal sales tax. "The results are sure to be a discouraging sign for other Canadian cities (seeking a tax)," wrote urban affairs reporter Frances Bula. The *National Post* was blunt: "In the aftermath of the Vancouver region's rejection of its own transit plebiscite, public transit advocates across Canada could be forgiven for engaging in a collective collar tug."

Or, as Yes side strategist Gordon Price put it: "From the point of view of the Canadian Taxpayers Federation … what a winner! You got people in Vancouver, for God's sake, to vote against transit. You slayed the green dragon in its own den." To the bitter end, the Yes side refused to consider any other option to fund public services beyond higher taxes. That's the attitude that doomed this tax and the one we were proud to fight. This is a victory for every Canadian taxpayer and one which will affect public policy for a long time to come. **t**

How much did the 2009 auto bailouts really cost taxpayers?

$3.7 billion in Canada and $16.6 billion in the US

by Mark Milke

Think back to the financial crisis of 2008. That's when American and Canadian governments announced what would become a series of bailout packages for the North American automotive industry. In Canada, the federal and Ontario governments promised billions of dollars in loans and began disbursing them in the spring of 2009.

Prime Minister Stephen Harper said in late 2008, that the loans were a "regrettable but necessary step to protect the Canadian economy." But the majority of the public did not agree.

A poll in late December 2008 found that 58% of Canadians were opposed to the bailout with 69% of Albertans in opposition, followed by majorities in Atlantic Canada (66%), Saskatchewan and Manitoba (65%), Quebec (63%) and British Columbia (62%). It was only in Ontario, ground zero for the auto sector, where a majority supported the bailout, and even then, only 52% supported it.

As I wrote in early 2009, "the record of government subsidies in the form of loans to business, never mind those in trouble in the midst of a recession, is poor." I wish my prediction had been wrong. Instead, it turned out almost as I forecast.

Canadian and American governments sent tens of billions of taxpayer dollars to Chrysler, General Motors and a few other related entities and suppliers.

Governments in both the US and Canada have been less than transparent about reporting the full cost of the auto bailouts. How much did they actually cost taxpayers? Here are the real, hard numbers.

Using December 2014 documents from Industry Canada, and a summary finally provided in July 2015 by the department of finance after numerous requests, here's what we know.

In Canada:

The "old" and "new" Chrysler companies sought and received $2.9 billion from the federal and Ontario governments, which was converted into a 2% equity stake (in the "new," post-bankruptcy Chrysler). Just over $2 billion would eventually be recouped, mostly via repayments, some interest payments and a minor amount of stock share sales, with about an $870-million permanent loss to taxpayers.

Chrysler Payments and Recoveries--Canada	
Entity	Amounts
(CDN $ billions)	
Payments	
Chrysler LLC (Old Chrysler)	$1.3
Chrysler Group LLC (New Chrysler)	$1.6
Total payments	$2.90
Recoveries	
Chrysler Group LLC (principal repayment)	$1.6
Chrysler LLC and Chrysler Group LLC (interest payments)	$0.3
Proceeds relating to sale of Chrysler membership interests	$0.132
Total recoveries	$2.03
TOTAL LOSS	-0.87

Source: Industry Canada December 2014

General Motors received $10.8 billion with an 11.7% equity stake for the federal and Ontario governments (the initial loans and repayments were split by the two governments two-thirds and one-third respectively). Over the years, the two governments received $8 billion via stock sales, repayments and interest, which left taxpayer with a $2.8-billion loss.

So far, Canadian taxpayers have forked over $3.7 billion in bailouts to GM and Chrysler.

In total, Canadian taxpayers are out almost $3.7 billion, not accounting for inflation or lost opportunities to spend the money elsewhere. For example, that $3.7 billion could have built a new subway line in Toronto or twinned a substantial portion of the Trans-Canada highway in British Columbia.

In the United States:

The American federal government

lent the various automotive sector companies $79.7 billion USD and saw $63.1 billion in repayments, share sales, interest and dividend payments, for a $16.6-billion USD loss.

How many times can a company be too big to fail?

There are plenty of excellent reasons not to grant or loan money to *any* company but instead to let companies compete, rise, fall and rise again in a competitive marketplace. Those who wish to read more on this should consult my previous studies for the Fraser Institute, Frontier Centre and columns over the years where I provide a review of the best arguments for taxpayer subsidies to business — and why the best academic and expert work on the subject defeats such pleas for taxpayer cash.

Briefly, and as I have previously written, many of the claims that provide the political "cover" for corporate welfare — extra economic growth, an increase in employment, more tax dollars to some local government — are usually a mirage.

One expert on such subsidies, Heinz University Professor Terry Buss, has noted that government and industry studies that argue for the supposed beneficial effects of corporate welfare often fail to account for the substitution effect. That is where "gains" to one region are necessarily offset by losses elsewhere — such as layoffs at a competitor's plant or reduced tax revenues to a government somewhere else when a facility is shuttered due to increased competition from a taxpayer-financed competitor. In short, subsidies to businesses — including when they survive — are a shell game where money is transferred around; the practice is not a net economic gain to the economy.

For the record, the 2008-09 automotive bailouts were not the first. For Chrysler, this was its second taxpayer-funded bailout (the first was in 1979). Corporate welfare is the ultimate evasion of responsibility. It helps companies avoid the consequences that consumers would otherwise assign to a company, the evasion demonstrated rather clearly by Chrysler's two government bailouts in three decades. That was an expensive $3.7-billion lesson for Canadian consumers and taxpayers and a $16.6-billion lesson for Americans. **t**

Mark Milke is a former Senior Fellow at the Fraser Institute and former director at the Canadian Taxpayers Federation. He has authored multiple reports on corporate welfare.

2008-09 Chrysler and GM bailout losses for Canadian taxpayers

(CDN $ billions)	Total loaned	Repaid/ Recouped	Total estimated loss
General Motors	$10.80	$8.00	$-2.80
Chrysler	$2.90	$2.03	$-0.87
Total loss	$13.7	$10.0	$-3.7

Sources: Industry Canada December 2014; Auditor General of Canada 2014; Finance Canada 2015.

Auto sector bailout losses for US and Canadian taxpayers

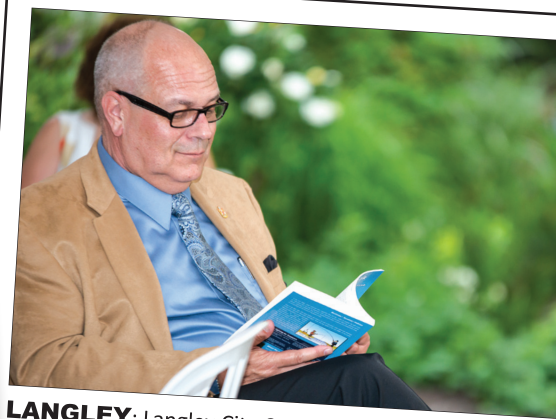
(in billions)	Total estimated loans	Total estimated repayments	Total estimated net losses
Canada CDN $	$13.7	$10.0	$-3.7
United States USD $	$79.7	$63.1	$-16.6

GM Payments and Recoveries--Canada*

Entity	Amounts
(CDN $ billions)	
Payments	
General Motors Corporation (Old GM)	$3.5
General Motors Company (New GM)	$4.5
General Motors of Canada Limited	$2.8
Total payments	**$10.8**
Recoveries before Industry Canada report December 2014	
GM loan repayment (interest and principal)	$1.6
November 2010 IPO gross proceeds	$1.2
September 2013 block trade proceeds	$1.1
Preferred share dividend repayments	$0.19
Common share dividend repayments	$0.11
Motors liquidation (mlc) loan repayments	$0.03
Sub-total	**$4.23**
Recoveries after Industry Canada report	
Common shares	$3.3
Preferred shares	$0.46
Dividend	$0.01
Sub-total	**$3.77**
Total recoveries	**$8.00**
TOTAL LOSS	**$-2.8**

Sources: Industry Canada December 2014 and Finance Canada, 2015
*Includes loans from & repayments to the federal and Ontario governments.

OTTAWA: (L to R) **Back**: Former Research Director Nick Bergamini, former Federal Director John Williamson, former National Research Director Adam Taylor, former National Research Director Bruce Winchester, Director of Special Projects Aaron Gunn and Research Director Jeff Bowes. **Front**: Executive Vice President Melanie Harvie, President and CEO Troy Lanigan and VP Communications Scott Hennig



LANGLEY: Langley City Councillor Rudy Storteboom di
Fighting for Taxpayers.

Anniversary and Book Tour

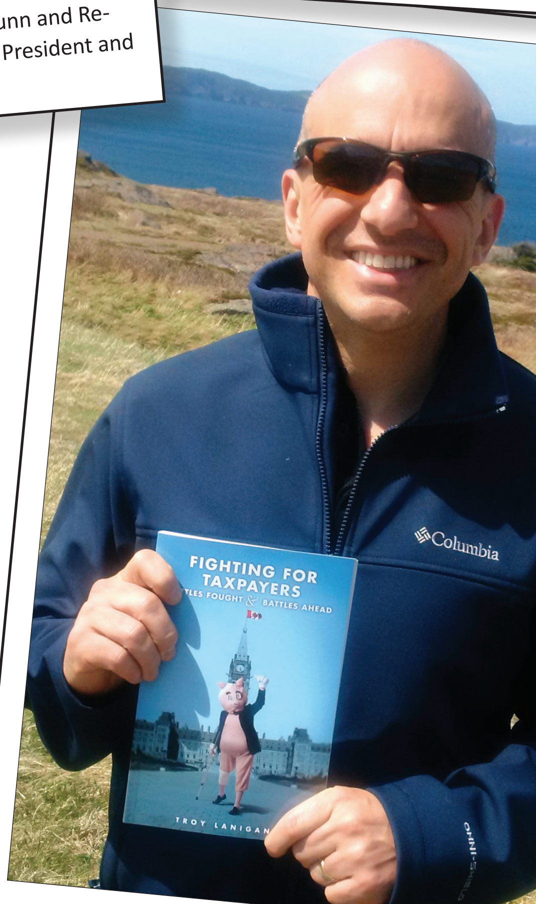
This spring CTF president Troy Lanigan traveled to 10 Canadian cities as part of a speaking and media tour to promote the CTF's 25th anniversary and his new book *Fighting for Taxpayers: Battles Fought and Battles Ahead*.

The tour kicked off in Troy's home town of Victoria on May 19 and wound its way across the country finishing June 1 in St. John's. Events were held in eight of the 10 cities alongside media interviews and meetings with donors and stakeholders.

The events also featured a commemorative 25-year anniversary video that we have now posted to our YouTube page and can be found here: http://bit.ly/Taxpayer25

We'd like to thank our generous tour and event sponsors: Merit Canada, Andy Crooks and Doreen Richards, Crease Harman and Company, Butler Bros., Fireside Grill, Kelly McCauley and Genex Capital.

Thanks to all of you who attended and supported the events in various cities. Thanks also to those who picked up a copy of the book!



ST JOHN'S: Troy stands with a copy of *Fighting for Taxpayers* on Cape Speer, Canada's Easternmost point just outside St. John's.

HALIFAX: Tro
Howe Show on N

OTTAWA: Our
ple (L to R) Walter
(2003-2008)

CALGARY: More than 90 people attended the book launch event at the Manning Centre.

gs into

VICTORIA: CTF's Melanie Harvie was primary organizer of the events across the country, here ready for arrivals at the first event in Victoria.

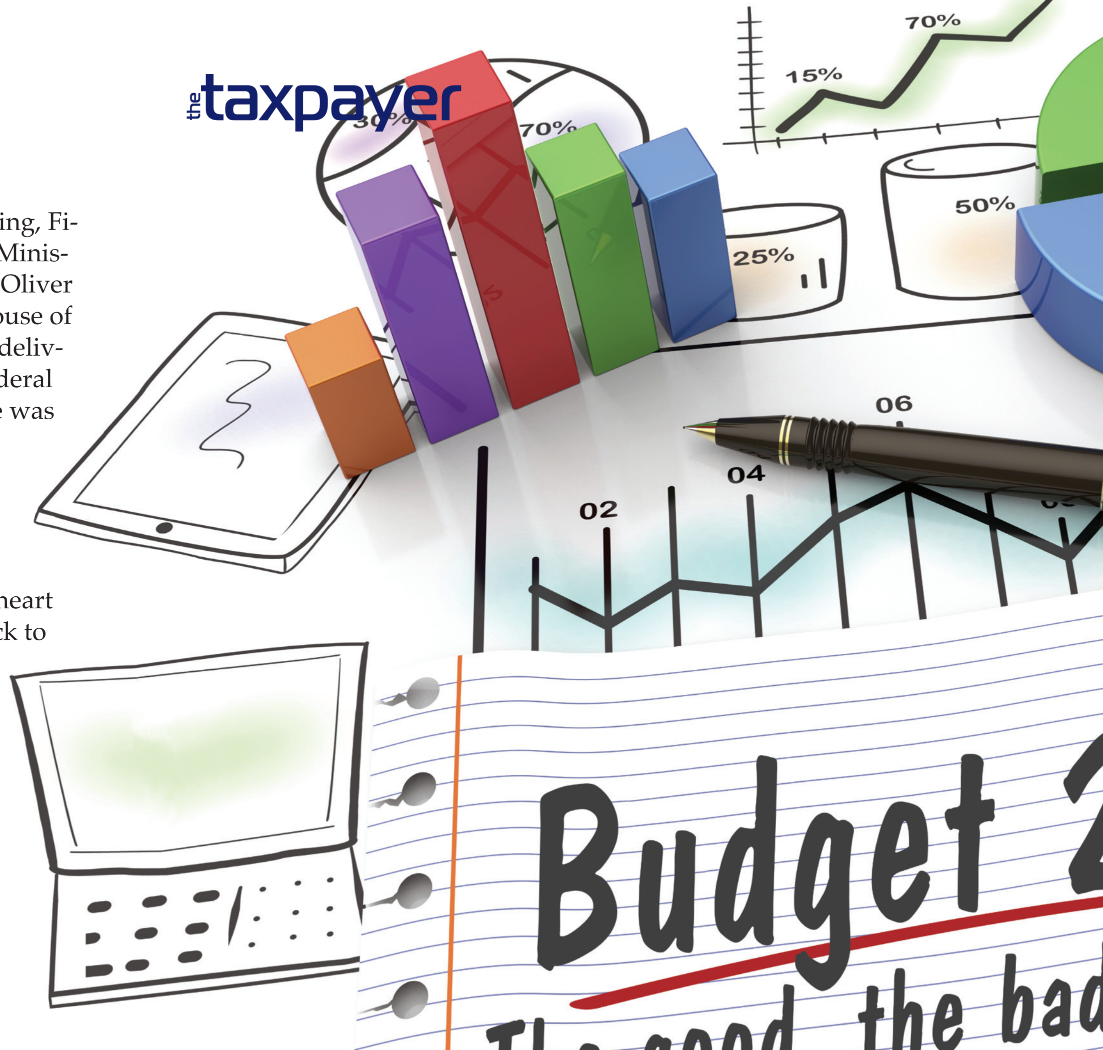
CALGARY: Preston Manning says a few words on occasion of the CTF's 25th anniversary before introducing Troy Lanigan

y interviewed in studio on the Rick
ews 95.7

VICTORIA: Troy signs book for Joan Robinson

Ottawa event featured a panel with the CTF's first three federal spokespeo-
Robinson (1997 to 2003), Jason Kenney (1992-1996) and John Williamson

CALGARY: CTF president Troy Lanigan recognizes John Whittaker. The Queen's University graduate worked as an intern with the CTF for six months taking on the task of research and fact checking for *Fighting for Taxpayers*. The book's acknowledgments notes: "John contributed in some way to every page of this book."



by Aaron Wudrick
Federal Director

This spring, Finance Minister Joe Oliver rose in the House of Commons to deliver the 2015 federal budget. There was cause for celebration: after seven years of deficits, and more than $150 billion added to our federal debt since 2009, taxpaying Canadians can take heart that the budget is finally back to balance. Below we take a look at some of the highlights.

The good

The centrepiece tax relief in this budget is the increased annual contribution limit of Tax-Free Savings Accounts (TFSAs) from $5,500 to $10,000 annually. TFSAs allow Canadians to invest their after-tax income free from further tax on any investment gains (and should probably be called "No Double Taxation Accounts" instead).

Introduced in 2008, TFSAs have proven to be extremely popular with Canadians. With more than 11 million accounts opened, and with 60% of individuals who contribute the maximum amounts having annual incomes of less than $60,000, it's clear that TFSAs are used by Canadians from all walks of life. This TFSA expansion will give Canadians more control over planning for their futures. Critics are lamenting the loss of revenue to government, but seem to overlook the fact this "loss" is the direct gain of individual Canadians and their families.

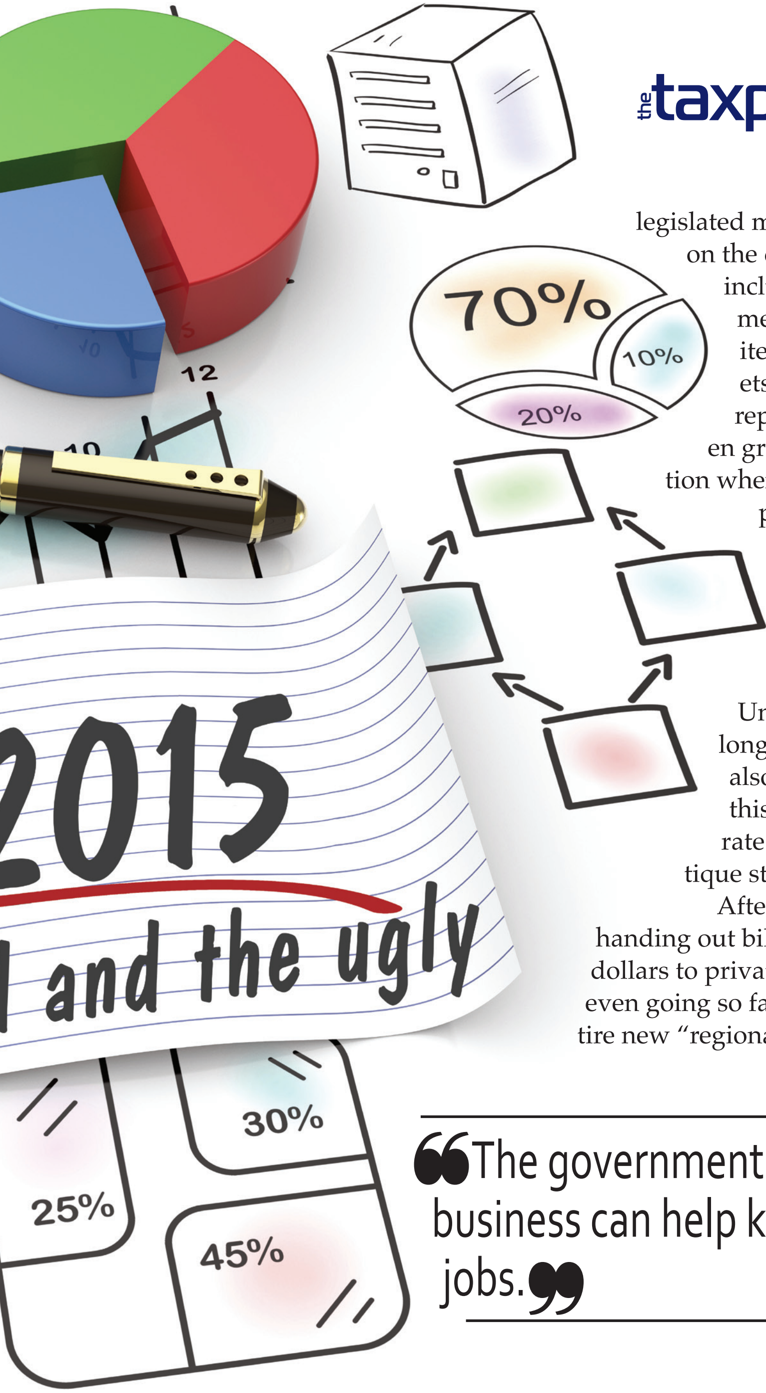
Another prominent feature of this budget are taxation and entitlement program changes for Canadian families: an increase in the child care tax credit, allowing families to deduct an additional $1,000 in child care costs from their taxable income; income splitting, which will save certain households with children up to $2,000 per year; and an enhanced Universal Child Care Benefit (UCCB) payment, rising from $100 to $160 per month for children under age six, and a new $60-per-month benefit for children aged six to 17.

The government has also recognized that tax cuts for business can help kick-start the economy and create jobs, by pledging to lower the small business tax rate to 9%.

Perhaps the most welcome thing about this budget, however, is what isn't in it: no massive new multi-billion-dollar program, no huge spending spree right before an election campaign begins. Revolutionary this budget is not, but "restrained" is a fair description.

The bad

While those of us concerned about spending should be thankful for the above-noted restraint, there's also very little indication the government is going far enough to weed out wasteful spending. Even correcting for inflation and population growth, public spending is up more than $15 billion since 2006. Even projections for future spending leapt compared to last year's budget: in the 2014 budget, for example, spending in 2016-17 was projected to be $266 billion. In this year's budget



legislated minimum payment on the debt principal, to including a "department of debt" line item in future budgets to ensure debt repayment is given greater consideration when faced with competing demands for funding from government departments.

The ugly

Unfortunately, two longstanding trends also continue with this budget: corporate welfare and "boutique style" tax cuts.

After many years of handing out billions in public dollars to private businesses, and even going so far as creating entire new "regional development" agencies, Budget 2015 includes a promise to devote $100 million to an "Automotive Supplier Innovation Fund." By playing favourites with the automotive industry over all others, the rest of us are left to subsidize businesses in one favoured industry. If there is any small consolation here it is that the promise is in the millions and not billions.

The government also announced an accelerated capital cost allowance (CCA) at a rate of 50% on a declining-balance basis for "eligible machinery and equipment assets used in manufacturing and processing." Essentially this means that certain businesses using certain machinery will benefit from a special tax treatment. This would be fine if the principle were applied across the board rather than to a few favoured businesses in favoured industries. Is a dollar invested in the manufacturing industry better than a dollar invested in the telecom industry? Just another example of a complication to the federal tax code which has grown by 739 pages since 2006.

In summary

Overall, Canadians can take solace in the fact that we are finally back into balance. The government deserves credit for showing the discipline to get back to this point; as we have seen at the provincial level, not every government has been able to do this. That said, it's now projected to be more than $274 billion for the same year.

> "The government has recognized that tax cuts for business can help kick-start the economy and create jobs."

This budget also does nothing to address Canada's $616-billion federal debt. In fact, despite the "balance," the debt is still slightly increasing. And there's no formal plan to pay it down. In the current fiscal year, interest payments on this debt cost more than $26 billion — money we cannot spend on any of the other programs Canadians actually use, or return in tax cuts. The CTF has proposed several options for tackling our debt, from a there is very little wiggle room, and either a future loss of discipline, an economic downturn, or a combination thereof, could see the federal books tip back into deficit very quickly.

Next year's budget — whether brought in by a re-elected Conservative government or one of the opposition parties — needs to ensure all the work done to get us back to balance was not in vain by taking further steps to pay down debt and ensure government is giving good value to Canadian taxpayers. t

Gas Tax Honest

CTF Ontario Director Christine Van Geyn in Toronto

by Jeff Bowes
Research Director

As Canadians were making plans for the first long weekend of the summer, the Canadian Taxpayers Federation was holding its 17th annual Gas Tax Honesty Day. With events from Victoria to Saint John, we were letting Canadians know just how much tax they pay at the pump.

A shocking 34% of what you pay for gas is tax. That means if you fill a 64-litre tank with gas at $1.09 per litre, you'll pay $68.59 and $23.46 of that will be taxes. It's shocking because you won't see all that tax on your receipt. A lot of it is hidden taxes and this year we highlighted the most absurd hidden tax, the "tax on tax."

Every time you fill up at the pump you pay tax on tax. This taxing of taxes happens because the federal government charges HST or GST on top of provincial and federal excise taxes. This costs drivers an extra three cents per litre. A lot of drivers will drive across town to save three cents per litre, and yet that savings could be passed on to them instantly if the federal government just stopped taxing its own taxes.

Back in 2004, as leader of the opposition, Stephen Harper said "the fastest and easiest way to give Canadians relief at the pump is for the federal government to stop charging GST on top of gasoline excise taxes. It's time to axe the tax on the tax."

We call on Prime Minister Harper to listen to then-opposition leader Harper. It is time to axe the tax on tax; it's time to quit taxing taxes. Harper knew this was the right thing to do in 2004 and he should know it's the right thing to do in 2015. Eliminating this unfair tax would save Canadian drivers $1.5 billion each year.

Everyone wants to save on gas and they notice that prices vary from city to city and province to province. It's tempting to blame oil companies but its taxes that make up most of the price difference. The before-tax price of gas is remarkably consistent across the country. If you're paying a lot more for gas than in a neighbouring city or province, taxes probably have a lot to do with it. Across the country, 53% of the price difference between cities is because of taxes.

Alberta has the lowest gas prices because it has the lowest gas taxes; Vancouver and Montreal have the highest prices because they have the highest gas taxes. In Vancouver, taxes make up 39% of the gas price; in Alberta it's only 29%. That's why in April gas was 93 cents per litre in Alberta and $1.25 per litre in Vancouver.

Vancouver and Montreal have higher gas taxes and gas prices than the rest of BC and Quebec because they have local transit gas taxes. This extra tax is 17 cents per litre in Vancouver and three cents per litre in Montreal. Victoria also has a transit tax of four cents per litre.

Last year Alberta gas taxes were by far the lowest in the country but

ty Day 2015

after a recent excise tax increase from nine to 13 cents per litre, Albertans pay about the same for gas as Manitoba drivers. New Brunswick raised its excise tax on gas from 13.6 to 15.5 cents per litre. That tax hike moved it from having the 10th highest gas taxes in the country to having the seventh highest.

Lower taxes mean lower pump prices and that's why we are calling for an end to the tax on tax, and also an end to the 1.5-cent-per-litre federal "deficit elimination" gas tax. This tax hike was introduced by the Chrétien government in 1995 to balance the budget, but when the budget was balanced in 1997 the tax stayed. Since 1997 there have been 11 surplus budgets but the tax has survived them all; it shouldn't survive another. With the government returning to surpluses it's time for the tax to go.

Since it was introduced, this "temporary" tax has cost Canadians drivers $12.9 billion. Last year alone it cost $637 million. It will cost Canadian drivers another $653 million this year. As Milton Friedman once said, "There is nothing so permanent as a temporary government program."

TOP: *Alberta Director Paige MacPherson in Calgary.* **RIGHT:** *Research Director Jeff Bowes in Ottawa*

Once a government starts collecting a tax it rarely stops, especially when it's a huge source of revenue like gas taxes. In 2015 federal and provincial governments will collect $22.4 billion in gas and diesel taxes.

Those huge revenues leave plenty of room to cut gas taxes, and the remaining tax revenue should be dedicated to spending on road infrastructure.

Manitoba and Saskatchewan passed Gas Tax Accountability Acts in 2004 and 2006 that ensured gas taxes were accounted for and were dedicated to roads and infrastructure. The federal government and the other provincial governments should pass their own gas tax accountability acts. Government should be legally required to spend all revenue collected through gasoline and diesel taxes on roadway-related infrastructure and maintenance, or else reduce taxes.

GAS PRICE RANKING

Province/City	Pump Price ($/L)	Tax Bill	Tax Portion	Gas Taxes Ranking	Pump Prices Ranking
Vancouver	$1.25	$0.48	39%	1	1
Montreal	$1.20	$0.47	39%	2	2
Quebec outside of Montreal	$1.12	$0.44	39%	3	5
Victoria	$1.18	$0.40	34%	4	3
Nova Scotia	$1.11	$0.40	36%	5	6
Newfoundland	$1.13	$0.39	35%	6	4
New Brunswick	$1.08	$0.38	35%	7	8
Ontario	$1.05	$0.37	35%	8	10
BC outside of Vancouver and Victoria	$1.09	$0.36	33%	9	7
PEI	$1.07	$0.36	34%	10	9
Saskatchewan	$0.96	$0.30	31%	11	11
Manitoba	$0.93	$0.28	30%	12	13
Alberta	$0.93	$0.27	29%	13	12

TOP 15 FOR E

by Aaron Wudrick
Federal Director

Prime Minister Stephen Harper visited Governor General David Johnson Aug. 2 to request dissolution of Parliament, kicking off Canada's 42nd federal election, to be held Oct. 19.

At 78 days (11 weeks), the election campaign is more than twice the length of the standard 37-day campaign and the longest since 1872, when leaders electioneered by railcar.

Many a politician has claimed campaigns are "too short" for serious policy discussion, but that excuse will simply no longer hold any water. In short campaigns, important issues can be neglected as the media focus heavily on one or two hot issues. The CTF is doing all it can to take advan-

Our "15 for 2015" wishlist (in no particular order):

1 **No pensions for politicians who steal**: bring back Bill C-518 as a government bill, ensuring Canadians are not on the hook for taxpayer-funded pensions for senators and MPs convicted of serious crimes.

2 **End tax-on-tax**: ban the practice of charging GST / HST after other taxes have already been applied to products (such as gasoline). This is a pure revenue grab which should have been eliminated long ago.

3 **Post all MP and senator expenses online** with scanned receipts: sunlight is the best disinfectant. Politicians will tread carefully if they know their expenses will be made public.

4 **Conduct a core review of government spending**, with a goal of reducing overall spending. Even adjusting for inflation and population growth, the federal government is spending near an all-time high. We need to be talking about how to reduce costs — not an ill-advised return to "stimulus," deficits and more debt.

5 **Expand the *First Nations Financial Transparency Act*** to include compensation from regional and national associations. The FNFTA has made band politicians finally accountable to their residents for band finances and council pay. Expanding it to include regional and national association pay is the next logical step.

6 **Pass a "truth in budgeting" law**: requiring all legislation to be costed by the parliamentary budget officer would ensure both taxpayers and politicians know how much each new proposal will cost.

7 **Reform public sector pensions**: there is no getting around it, defined-benefit plans are expensive and unsustainable in the long run. Government employees need to move over to defined-contribution (RRSP-style) pension plans.

8 **End corporate welfare and shut down regional development agencies**: corporate welfare is wasteful, unfair, economically distorting — a failed and cynical policy from top to bottom. Time to end this shameful practice.

LECTION 2015

tage of the longer campaign by advocating forcefully on the issues important to you and ensuring they are part of the discussion.

In anticipation of the election campaign, the CTF surveyed supporters to see what your top priorities are, and the response was overwhelming: more than 6,700 of you sent us your thoughts. We tallied the results to come up with a "15 for 2015" wish list of policies we'd like to see political parties adopt as part of their platform (or as policies in the next government).

There is a diverse mix of items large and small, but they are practical proposals that will help leave more money in the pockets of Canadians, give us better value for tax dollars spent and hold our politicians more accountable.

9 **Broad-based income tax cuts** through lower rates and fewer brackets. Boutique credits clutter up the tax code and single out favoured groups. Lower, flatter, simpler taxes are fairer and more efficient.

10 **Pass legislation that would allow politicians to be recalled**: Canadians should have the ability to pass judgment on their representatives more than once every four years, and in serious cases, recall them to face their constituents.

11 **Implement a legislated debt repayment schedule**: our $616-billion federal debt gobbles up $29 billion a year in interest payments alone. We need a legislated plan to pay it down so we can use that money for priorities Canadians care about.

12 **Referendum on abolishing the Senate**: unelected and unaccountable — Canadians should finally have their say on the Red Chamber.

13 **Improve and expand the Access to Information Act**: many parts of government need to be brought under the act; information needs to be shared in more user-friendly ways; and our information commissioner needs the power and resources to pry information out of government hands.

14 **Create a sunshine list of all federal government employees earning more than $100,000**: most provinces already have them. We are long overdue for similar transparency at the federal level.

15 **Reform Employment Insurance**: scrap the current plan that is unfair to both those who collect and those who pay. Replace the current system with personal EI Savings Accounts that keep contributions in the hands of Canadians.

Generation Screwed: Fighting back in Quebec

by Aaron Gunn
Director of Special Projects

One afternoon this past February, we received a call from our volunteer regional coordinator for Eastern Canada, Renaud Brossard. In addition to volunteering his time for Generation Screwed, Renaud is a student at the Université du Québec à Montréal (UQAM). His campus had begun to feel the effects from the so-called "2015 student protests" that would soon expand to other universities across the province.

Intimidation and violence

Protests were being organized by a small group of radicals determined to impose their militant ideology on the rest of the student population, and they weren't going to let antiquated notions such as the rule of law or democratic process get in their way.

Throughout the following weeks and months these radicals would storm classrooms, their faces ominously clad in black balaclavas, erasing chalkboards, intimidating fellow students and preventing them from receiving an education — an education they had paid to receive. On one occasion they occupied and fortified one of the school's main buildings and caused more than $100,000 in damage in a single night, including the complete destruction of the office for financial aid.

Unfortunately, as is so often the case, it was innocent students who ended up paying the price for these brazen acts of vandalism. In addition to the monetary damage done to the building, classes would have to be cancelled for three days to clean up and repair the classrooms. The office for financial aid would remain shuttered even longer.

At other schools in Quebec, the situation wasn't much better. Court injunctions to allow students to attend class were being regularly violated. At one institution, the student union held a "strike vote" not once, not twice, but three times in a single day. After receiving resounding "No" votes on the first two ballots, the union waited six hours until the majority of students had gone home and held another ballot, ensuring they'd get the result they wanted at the expense of anything resembling a democratic process.

> Protests were being organized by a small group of radicals determined to impose their militant ideology on the rest of the student population.

Time to fight back

Renaud was fed up. Over the past year he had grown the Generation Screwed chapter in Montreal (referred to in Quebec as Génération Trompée) to be the largest and most active in the country. Coordinators were active on the campuses of all four of Montreal's major universities, and a regular group of 20 Generation Screwed activists met weekly to discuss the movement.

But they wanted to do more. Our activists from UQAM and other

ck in
uebec

Quebec universities were angry and frustrated with student union leaderships that only represented their narrow political agenda, not the student body's as a whole. They were tired of a small group of radicals defining their collective image as francophone students. They told us they were determined to put on a counter-forum in Montreal — student-organized and student-led. They said it was our turn to fight back. We could not have agreed more.

Generation Screwed Action Forum: Montréal

So it was at this behest of local coordinators and aligned activists that we would support the students in holding the first ever Generation Screwed Action Forum.

The resulting event was nothing short of a resounding success.

On May 30, more than 100 guests — students and non-students alike — attended the forum. More than a dozen speakers converged at the event including representatives from media, think tanks, advocacy groups and political parties. Debate and discussion surrounded the struggle for fiscal responsibility and balanced budgets in Quebec and Canada, and the battle for the hearts and minds of students across the province. Prior to the event, media personalities in Quebec City and Montreal interviewed our student coordinators and urged their listeners and readers to attend.

But all of this success did not fall from the sky. It was earned.

While CTF staff helped in the organization and planning of the event, the majority of the work fell to a half-dozen student volunteers. Students who had classes or a co-op job during the day spent their evenings volunteering for Generation Screwed. And when it came to day of execution, again it was our student volunteers who shouldered the burden.

Even booking the venue turned out to be a challenge. While we eventually settled on hosting the event at Concordia University, we originally planned to host the event in the lion's den itself, at UQAM. We received the green light from the university administration at first, but "upon further review" they decided to decline our request. We were told the school "did not allow for events of a political nature in the space we were requesting." When we pointed out a left-wing political party had held an event in that same space the previous year, they replied, "sometimes we make exceptions."

Empowering the next generation

It is this inherent bias on campus that makes it more important than ever for Generation Screwed to have a voice in the debate; to provide students with a counter-narrative; to empower them to fight back. In this sense, our Montreal Action Forum

Students participating in the Action Forum held in Montreal on May 30, 2015

was all that we envisioned for Generation Screwed. We are nothing short of amazed by the amount of time and effort the all-student organizing committee dedicated to holding this event. To André, Axel, Charles, Dominique, Janelle, Gabriel, Marc-Antoine and especially to Renaud Brossard, thank you for all your hard work. Thank you for making a stand for your generation.

Indigenous & independent

by Joseph Quesnel

Creating property rights on reserves

by Joseph Quesnel

A new report by the National Aboriginal Economic Development Board reveals that the gap between aboriginal peoples and the rest of Canada is not closing, and is even widening in some areas. For on-reserve First Nations, the economic outcomes are the worst.

First Nations need to escape parts of the *Indian Act* that prevent them from owning their own property on reserve.

Bands need to work with Ottawa to access the tools that will help set them on the path away from poverty and towards prosperity.

The *First Nations Land Management Act* (FNLMA) is one tool that has helped bands develop economically by escaping parts of the *Indian Act*.

The FNLMA is an opt-in piece of legislation that allows a First Nation, rather than Ottawa, to control its lands and resources.

The FNLMA is probably one of the best vehicles for indigenous economic advancement, in addition to First Nation-led amendments to Section 83 of the Indian Act in 1988 that allowed bands to tax real property on reserve.

This land management law is now becoming accepted. According to Aboriginal Affairs, there are now 90 First Nations involved in the FNLMA.

Perhaps only a proposed First Nations Property Ownership Act (FNPOA) that would open up reserves to fee simple property would be superior in terms of delivering tangible benefits to reserve economies and communities.

But, what does the FNLMA involve? Well, the FNLMA allows signatory bands to opt out of 34 land administration sections of the *Indian Act* to develop their own land codes and administer their lands by their own rules and customs. The first step is for an interested First Nation to pass a band council resolution indicating their interest, which is then forwarded to the Lands Advisory Board. The Lands Advisory Board then informs Aboriginal Affairs about the First Nation's interest in joining.

A First Nation must develop and draft a land code, submit it to a jointly appointed verifier, negotiate a funding agreement with Aboriginal Affairs, and hold a community vote over the land code. If the community approves the code, the First Nation then takes over all land management responsibilities from the Crown.

For First Nations the FNLMA provides a form of indigenous self-government over land and resources. This should be of interest to most bands which desire autonomy from the *Indian Act*.

Other parts of the *Indian Act*, however, could and often do continue to apply to the band under FNLMA. For example, the tax exemption for those living and working on reserve continues to apply. It is important to know, however, that Canada continues

Indigenous & independent

by Joseph Quesnel

Photo: Flickr/Blake Handley

> Those bands receiving more control of their land showed a 40% increase in new business.

to hold title to reserve lands under the FNLMA. Thus, the land is still under federal protection and cannot be granted in fee simple (land that could be used as collateral and sold or transferred to anyone, including a non-aboriginal person).

Observers should know that the FNLMA was the result of First Nations leaders approaching the federal government; it was not Canada's idea. In the early 1990s, a number of chiefs, led by Robert Louie of Westbank First Nation in British Columbia, expressed serious concern over the economic obstacles created by the *Indian Act*. In 1994, these chiefs then approached Indian Affairs minister Ron Irwin (under then-prime minister Jean Chretien) and suggested that 13 First Nations opt out of the land management provisions of the *Indian Act* to develop their own land management regimes. Finally, in 1999, the Liberal government passed the FNLMA.

Bands then began to notice their land codes reduced the drag on economic development and investment imposed by the *Indian Act*. The FNLMA got rid of ministerial interference that slowed down business decisions.

FNLMA communities have better outcomes. The National Aboriginal Economic Development Board documented that, according to 2006 census data, the average income of $22,883 for First Nations living in communities under the FNLMA was $4,554 higher than average incomes for First Nations people living in communities not under the FNLMA.

Also, a 2009 study by KPMG found that FNLMA led to business and job creation. Communities under FNLMA reported a 40% overall increase in new business and a 45% increase into different kinds of business, including spin-off and supplier businesses. More than 2,000 job opportunities were created for band members and 10,000 jobs for non-members.

So far, First Nations have been reporting success stories as a result of involvement with FNLMA. The only danger is that some First Nations leaders (including Chief Louie, the initiator of the FNLMA) are starting to say that full property rights, like those offered under a proposed First Nations Property Ownership Act, are unnecessary given FNLMA. While FNLMA does offer economic advancement, it should be stressed the proposed FNPOA would allow bands to do things that FNLMA would not, such as granting them full ownership of their own reserve lands as an act of self-government.

With full ownership, bands could achieve maximum value for their lands. FNPOA would also provide a ready-to-use legal framework so that First Nations do not have to spend years and millions of dollars developing their standardized land management and property right laws. FNPOA would also allow bands to grant individual fee simple so that band members can use their property as collateral for loans (if they are entrepreneurially minded) or build home equity. Lastly, under FNPOA, jurisdiction and underlying title to reserve lands always remain with the First Nation regardless of property ownership, so there is little risk of eroding the reserve land base.

Clearly, First Nations desperately need tools to lift themselves out of poverty. The FNLMA offers them hope for the future, but it is only one tool. In combination with other measures, the FNLMA could provide a recipe for economic prosperity. The FNLMA gives First Nations control over their lands, which should show them what they could achieve if they had true property rights on reserve. t

A Metis, Joseph Quesnel is the former editor of the Winnipeg-based Aboriginal newspaper *First Perspective* (www.firstperspective.ca) and a regular contributor to the *Winnipeg Sun*. Presently, he works as policy analyst with the Frontier Centre for Public Policy in Bayfield, Nova Scotia. Joseph is a long-time advocate for limited government.

You asked for it

Frank Mikolas from Stony Plain, AB, asked: The Fraser Institute says Canadian governments owe $4.1 trillion, but the CTF's debt clock is much lower than that. How much does the government really owe?

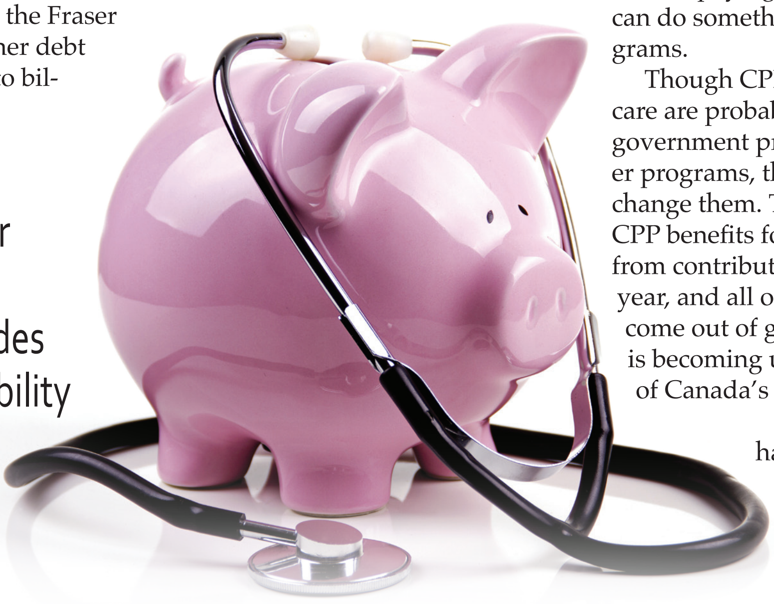
Jeff Bowes, Research Director answers:

by Jeff Bowes
Research Director

The Fraser Institute's $4.1-trillion debt figure is a lot higher than most calculations of Canadian government debt. It's so large because it includes municipal, provincial and federal governments' direct debt and also their other liabilities.

It's easier to compare the Fraser Institute's number to other debt figures if it's converted to billions: $4.1 trillion is $4,100 billion. (Remember, a billion is a thousand million; a trillion is a thousand billion. So $4.1 trillion is $4,100,000,000,000!)

Of the $4,100 billion, "only" $1,200 billion is direct debt. The rest is from the "other liabilities" category. This includes private debts the government has guaranteed, the cost of cleaning up contaminated land and office leases (in technical terms, debt guarantees, contingent liabilities and contractual commitments). But those three categories only represent $61 billion of debt. "Other liabilities" include three government programs: the Canada Pension Plan (CPP), Old Age Security (OAS) and health care. The projected unfunded liability for those program obligations is $2,240 billion.



Part of the Fraser Institute's debt calculation includes the unfunded liability for CPP, OAS and healthcare.

You may not normally think of these programs as government debt. However, $2,240 billion is the price tag attached to promises governments have made to Canadians ... and there's no money set aside to keep all those promises.

Whether they should be considered debt or not, unfunded liabilities represent a real problem for governments across the country. Current revenue levels won't cover these massive future obligations and the only way to pay for them is with higher taxes or mass borrowing.

The fact that they represent previous promises rather than direct debt should provide a bit of hope. Government can't do anything about current financial debts other than paying them back, but they can do something about their programs.

Though CPP, OAS and health care are probably the most valued government programs, like all other programs, the government can change them. The vast majority of CPP benefits for each year are paid from contributions from the same year, and all of OAS's benefits come out of general revenue. This is becoming unaffordable in view of Canada's aging population.

CPP and OAS have already been reformed to deal with some of their rising costs. CPP contribution rates were increased dramatically starting in 1998, and more recent changes encourage taxpayers to delay collecting CPP. Recent OAS reforms will gradually raise the age of eligibility starting

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in 2023. (These changes are factored into Fraser's calculation.) The reforms were a start but more drastic action is needed.

Canada's aging population also means increased health care costs. Unfortunately, health care reforms haven't even started. The huge unfunded liability means that provinces need to get their health care spending under control. More efficient spending is possible and $4,100 billion in liability is a clear sign of how badly it is needed.

The CTF tends to focus on direct financial debt: the amount that increases with each year's deficit and the amount taxpayers will have to cover no matter how many reforms governments make (or fail to make).

We maintain debt clocks for the federal government and all the provinces; if we add them all together total government debt stands at $1.2 billion. Half of that debt is the federal government's accumulated deficit of $616 billion.

Meanwhile, there are two ways to measure government debt: gross debt and net debt.

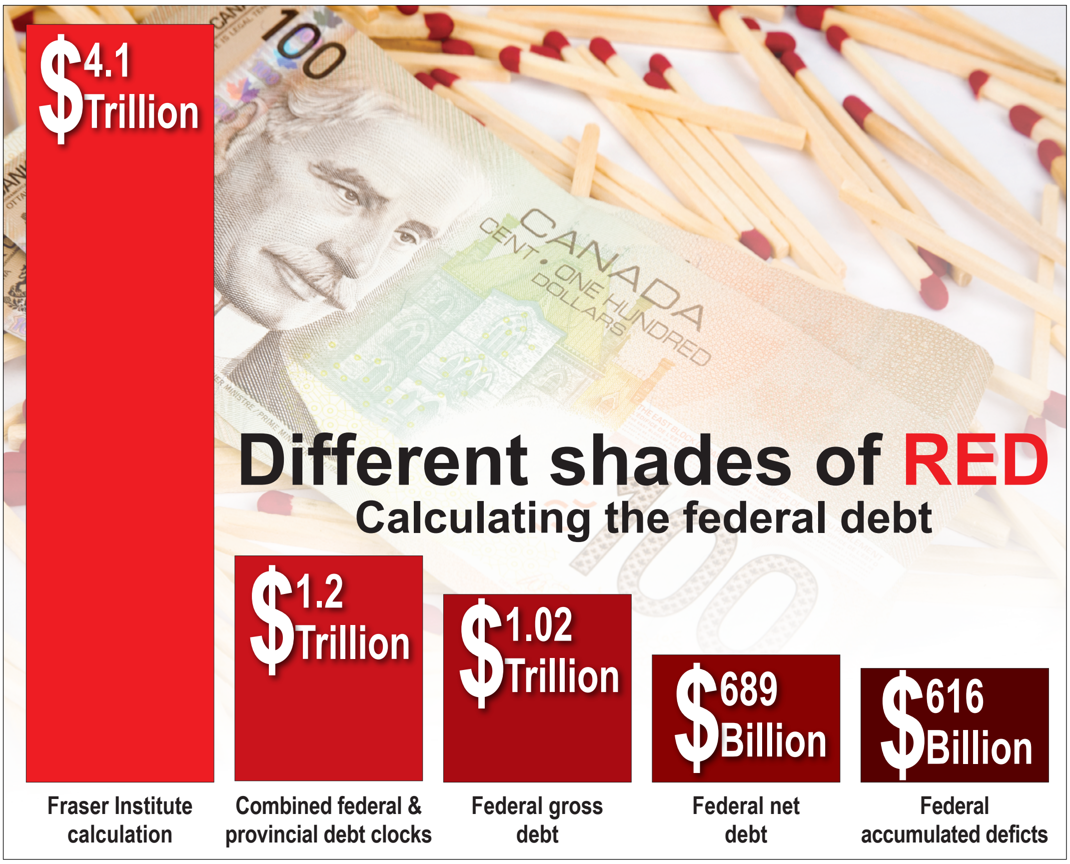
Gross debt is all of the government's debt, plus government employee pension liabilities. For the federal government that includes bonds, accounts payable and pension liabilities. The federal government has $1,016 billion in gross debt.

Net debt subtracts the value of the government's financial assets from gross debt. The federal government's financial assets include cash, taxes owed to it, foreign exchange accounts and investments. The current federal government net debt is $689 billion. That's how much the government would still owe if it used all its cash and investments to pay down the gross debt.

The third way to measure debt is "accumulated deficit." It not only subtracts the value of financial assets from gross debt, but also the value of the government's non-financial assets. The government has a lot of non-financial assets — $73 billion worth — which includes land, buildings, vehicles, inventories and more.

The accumulated deficit is what the government would owe if it sold everything it owns and used that money to reduce the debt. If it emptied all its accounts, sold all its investments, sold every building, car, ship, and everything else it owns it would still owe $616 billion.

With no assets backing the majority of the government's debt, it might seem a little crazy that anyone would loan the government more money. However governments have one very big asset backing their debt: Canadian taxpayers. Investors know that if the government can't pay its debt, it has the power to take more of your hard-earned money. Keep that in mind next time a politician tells you that more debt isn't a problem.



Band council ordered to repay illegal honorarium

by Jordan Bateman
BC Director

Six years after five Lower Kootenay Band leaders secretly helped themselves to $25,000, the BC Court of Appeal has ruled they breached their fiduciary duty to the band and ordered them to repay the money.

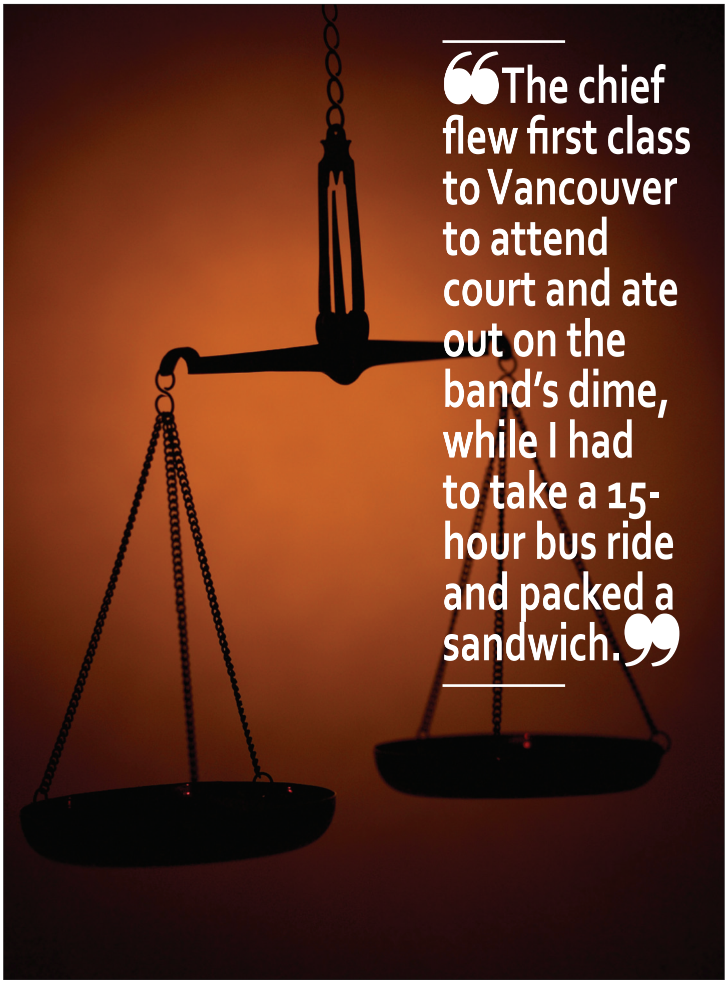
The law suit against the five — current Lower Kootenay chief Jason Louie and councillors Mary Basil and Sandra Luke, former chief Chris Luke Sr. and former councillor Carol Louie — was brought by band member Wayne Louie.

"This landmark ruling levels the playing field between a band council and band members across Canada," said Wayne Louie in a news release. "This case helps define aboriginal good governance and empowers band members."

The Court of Appeal found the five-member council voted, in camera, to pay themselves each a $5,000 honorarium after the Regional District of Central Kootenay paid the band $125,000 for use of a road.

"The removal of $25,000 from Band funds and the payment of $5,000 to each of the defendants was a clear and significant personal benefit to them, and them only," Madam Justice Newbury ruled. "The conclusion seems to me inescapable that this was a breach of fiduciary duty, even in the context of a relatively informal and custom-based governance structure. In my view, such a structure should not deprive members of the Band of the protection of the fiduciary principle. They were entitled to hold the defendants to the high standard to which other fiduciaries are held in this country. "

Wayne Louie said the band council used band money to defend themselves, while he paid his own way. "The chief flew first class to Vancouver to attend court and ate out on the band's dime, while I had to take a 15-hour bus ride and packed a sandwich," Wayne Louie said. "There's something wrong with that picture."



"The chief flew first class to Vancouver to attend court and ate out on the band's dime, while I had to take a 15-hour bus ride and packed a sandwich."

Three BC bands yet to file FNFTA

As First Nations bands prepare their 2014-15 *First Nations Financial Transparency Act* (FNFTA) documents, it's important to note that three BC bands — High Bar, Popkum and Semiahmoo — have yet to file last year's documents. Across Canada, 12 bands have yet to file.

In December, Aboriginal Affairs Minister Bernard Valcourt announced that federal funding for non-essential programs would be cut for those bands that failed to file. The federal government has also taken five Alberta and Saskatchewan bands to court to get an order for them to file FNFTA documents; this is expected to create a legal precedent in which to go after other non-compliant bands.

What next for the FNFTA?

As aboriginal bands prepare to file their second set of FNFTA disclosures, the future of the act is in doubt thanks to this fall's federal election.

Despite a number of examples showing the FNFTA has been an important step forward for band transparency, some politicians want to get rid of it.

Justin Trudeau is on record saying a Liberal government would repeal the FNFTA. Thomas Mulcair opposed the act in the House of Commons but has yet to definitively comment on its future under an NDP government.

The Liberals and NDP are looking at the FNFTA through partisan-coloured glasses. This isn't about the Conservatives, who brought in the act; it's about protecting everyday aboriginal people from secretive band councils.

Canadians, particularly those living on reserve, would lose a lot if the act were scrapped. Without the FNFTA, Kwikwetlem band members would never have known they paid their chief almost a million dollars. "I want the public to know that the membership knew nothing about this," a Kwikwetlem councillor told the *National Post*. "And if it wasn't for this new transparency act, I don't think we ever would have known."

The FNFTA should be strengthened, not repealed. It should be expanded to include band-owned businesses, the reserve equivalent of a Crown corporation. Band members own these companies but have no idea how much they are paying chiefs, councillors or staff to run them.

The act should also be expanded to include salaries and honoraria from regional aboriginal organizations. Just as property taxpayers know how much they pay mayors and councillors to sit as regional district directors, band members should know what their elected officials are being paid by regional groups. t

Photo: Flickr/Hella Delicious

The BC $100,000 club

The CTF has compiled a list of 21 elected BC First Nations officials who took home six figures in 2013-14, according to FNFTA filings:

- Ron Giesbrecht, chief, Kwikwetlem, $914,219
- Eric Wesley, councillor, Snuneymuxw, $314,801 (Disclosure notes $307,201 for construction services, excluding cost related to delivery of those services. Wesley's take home pay will be far less, presumably.)
- Paul Sam, chief, Shuswap, $202,413
- Alice Sam, councillor, Shuswap, $202,000
- Clarence Louie, chief, Osoyoos, $146,369
- Tina Sam, chief, Shxwha:y Village, $140,124
- Norman Davis, chief, Doig River, $127,210
- Richard Peters, chief, Cheslatta Carrier, $123,033
- Doug McIntyre, chief, Skuppah, $122,850
- Gary Reece, chief councillor, Lax Kw'alaams, $122,500
- Tumia Knott, councillor, Kwantlen, $118,895
- James Frank, chief, Kanaka Bar, $117,000
- Doug White, chief, Snuneymuxw, $108,022
- Donny van Somer, chief, Kwadacha, $107,922
- Alice Thompson, chief, Leq'a:mel, $107,082
- Marilyn Gabriel, chief, Kwantlen, $106,011
- David Joseph Jimmie, chief, Squiala, $105,910
- Barb Leggat, councillor, Leq'a:mel, $105,609
- Roberta Dendys, councillor, Fort Nelson, $105,509
- Beverly Stager, councillor, Prophet River, $102,837
- Derek Orr, chief, McLeod Lake, $102,000

These salaries are completely free of income tax. To take home $100,000 off-reserve in BC last year, you would have needed a gross income of $142,227.

Alberta's new age of accountability?

by Paige MacPherson
Alberta Director

When a province has a governing party in place for more than four decades, some details are bound to be swept under the rug — or so Alberta's NDP has suggested.

That was when the NDP was on the opposition side. Now, it's in charge, and its sweeping victory was predicated on a shakeup of all things business as usual.

The NDP platform contained many important accountability reforms.

But a platform is one thing.

Walking in as the new government which will be subject to such scrutiny is another thing altogether. But this is the standard the NDP set.

Premier Rachel Notley deserves praise for the accountability and transparency reforms in her platform. Albertans must hold the government to that standard throughout its time in office.

Expanding the province's sunshine lists was one commendable platform point; adding boards, agencies and commissions to the list of taxpayer-funded salaries over $100,000, and creating an infrastructure sunshine list. The NDP also promised to strengthen the *Conflict of Interest Act*, preventing MLAs from using their positions to benefit their friends.

Some NDP talking points of yesteryear may now also be put into action — we can hope — from properly funding the auditor general's office, which saves money over time by rooting out waste, to comprehensively auditing the PC government's books, to reforming the *Freedom of Information Act* to let the rest of us get a closer look without unnecessary interference by government.

At the Canadian Taxpayers Federation, "Accountable Government" is right in our mandate. So we too have some long-held goals in Alberta. Introducing citizens' initiative referenda, modeled after the existing legislation in BC, would give people a clear say in policy. Legislating MLA recall would empower the electorate to hold politicians to account year-round rather than at the whim of election cycles.

Perhaps the least transparent thing in Alberta politics is the annual budget. Through an accounting trick, the government can post budget "surpluses" while still borrowing a lot of money. Its current "accrual accounting" only shows part of the debt picture, allowing the government to hide infrastructure spending. The budget is laid out in a tremendously confusing way. The government could improve budget clarity by switching back to simpler cash accounting.

When it comes to accountability and transparency, we've seen some positive commitments. The premier has talked a good talk. Now it's time to walk the walk, and usher in Alberta's new age of accountability.

> "Through an accounting trick, the government can post budget 'surpluses' while still borrowing a lot of money."

Big city mayors go fishing for more taxing powers

Photo: Calgary davebloggs007/Flickr/CC BY

Give a big city mayor a subsidy, and you keep him happy for a day; give a big city mayor the power to tax the people dry, and you'll keep him happy for a lifetime.

One needn't read between the lines to see that in Alberta, that isn't just a faux proverb. It's a looming reality. The big city mayors are clamouring for more revenue to fund their grandiose transit projects, and the incoming provincial government has expressed a willingness to make it so.

"A city-wide sales tax is just one of the many options Calgary city council is considering."

During the recent election, the NDP committed to working with Alberta cities to ensure mutual input on a "City Charter" — a written agreement between cities and province which the mayors of Edmonton and Calgary have been advocating for some time, giving cities "the tools to build the services their residents expect."

"Tools," in this context, could mean a few things. Either the province hands the cities more cash (provincial tax dollars) on top of what they're already receiving, or the province gives the cities their own new powers to create new taxes.

Bringing taxation down to a local level doesn't necessarily sound like a bad idea, except there's been no mention of revenue neutrality. If Edmonton city council receives the power to implement a 1% income tax, the province hasn't proposed simultaneously lowering the provincial income tax. So it amounts to layering on the taxation.

A city-wide sales tax is just one of the many options Calgary city council is considering. Also: a \$144-per-year vehicle registration tax (the likes of which was disastrously unpopular in Toronto and eventually scrapped), a four-cent-per-litre gas tax (like the ones Albertans were just hit with) … these are all possibilities.

This isn't the first time big cities have asked for more taxing powers. Both former premiers Ed Stelmach and Alison Redford told the cities they needed to hold a referendum if they wanted to impose new taxes. This isn't the mayors' favoured avenue; none took those premiers up on their suggestion during any of the municipal elections that followed.

But a referendum, in this case, is necessary.

As detailed on pages 10 - 15, mayors in the Lower Mainland tried to impose a 0.5% sales tax to fund their transit plans. Though BC Premier Christy Clark actually supported the Translink Tax, she rightly refused to impose it without first asking the citizenry for their consent. They soundly rejected the tax. In BC, taxpayers got a referendum.

The same needs to happen in any Alberta city that asks for new taxing powers. The final call belongs to Premier Rachel Notley, but it's city residents who will pay the price. Without the consent of the people, no city has the moral authority to impose new taxes. The premier would be wrong to allow it without a referendum. t

Saskatchewan's surprising dive into debt

by Todd MacKay
Prairie Director

The Saskatchewan government's 2015-16 budget included a surprise: debt.

The province will borrow up to $700 million this year for infrastructure such as roads, bridges, hospitals and schools. It plans to pay off the loans over 30 years.

Saskatchewan's dive into debt is surprising. When the Sask. Party first formed government, it started paying down the debt. The 2011 Sask. Party campaign platform promised to "reduce debt and balance the budget." Even now the Sask. Party takes credit for paying down debt in campaign-style ads.

Then things changed. In 2012, Saskatchewan stopped paying down its debt. Now the debt is going up again.

This debt is actually connected to another serious problem: the infrastructure deficit. For decades the Canadian Taxpayers Federation has called on all levels of governments to make our roads and bridges a higher priority. Saskatchewan now takes all fuel taxes collected from drivers and reinvests them into the roads. This year the province will put almost half a billion dollars of fuel taxes into infrastructure. And yet, bent rims and blown shocks prove that the province is still suffering infrastructure deficits left by previous governments.

The Saskatchewan government says it makes sense to borrow to pay for infrastructure. It points out the province is growing and the roads are crumbling which makes debt a necessary evil. It has committed to make payments on the loan every year for 30 years.

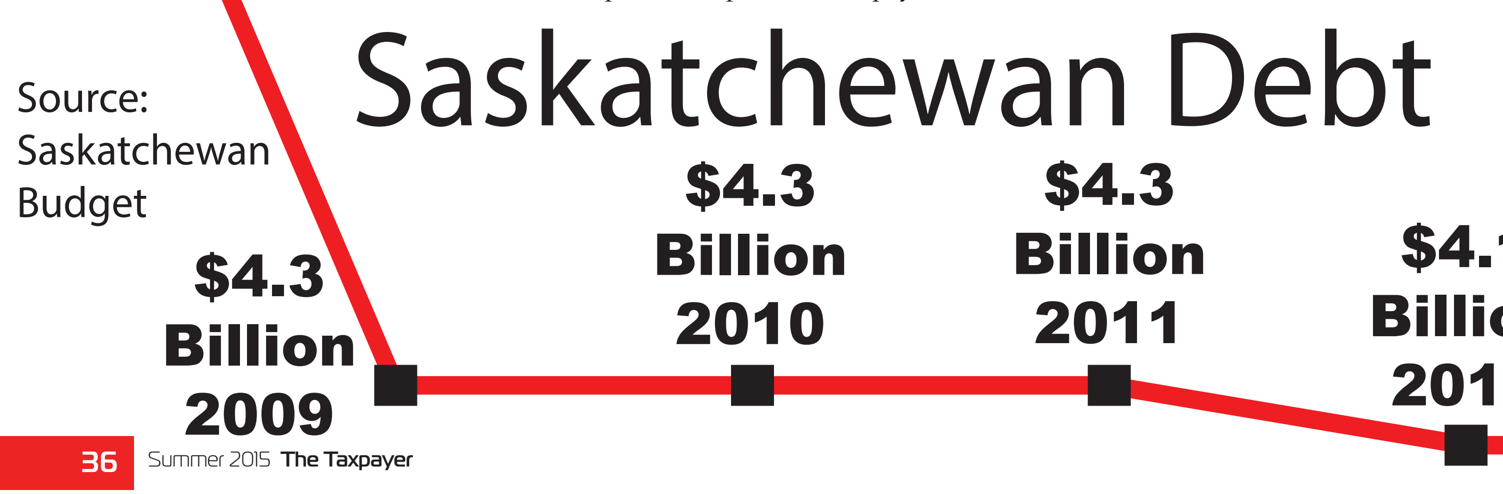
Roads and bridges are necessary, but this debt is not. The province projects to spend about $14.2 billion this year. If the province trimmed its budget by 5%, it would have nearly $709 million to spend on infrastructure. The reality is that the government isn't borrowing this money to pay for roads and bridges, but rather because it refuses to reprioritize even a fraction of its spending.

The province's plan raises repayment questions as well. The current Saskatchewan government has earned a great deal of credit for debt repayment. But this borrowing requires 30 years of payments. Will the next government be as careful about paying down debt? What about the government after that? Can we trust seven or eight future governments to faithfully pay down debt when the government we have currently hasn't paid down debt for years?

In 2012, Saskatchewan stopped paying down its debt. Now the debt is going up again.

Saskatchewan is still a national leader. Taxes are competitive and the economic turnaround has been remarkable. Even Saskatchewan's infrastructure borrowing is better than borrowing in other provinces, where day-to-day expenses are being covered by the public credit card.

But when a government starts borrowing it's hard to stop. Mike Harris's common sense revolution slid back into Ernie Eves's deficits. Ralph Klein's paid-in-full sign has been washed away in a sea of red ink. Even in the "New Saskatchewan" it's worth remembering there is more than one road that leads back to the "Old Saskatchewan."



Governments are bad at selling booze

Some things are obvious: beer should be cold and it should be sold where people want to buy it.

Governments often miss the obvious.

The Saskatchewan government does not allow some beers to be sold cold in its public stores or private vendors (e.g. small town grocery stores that sell liquor). Only so-called premium beers such as Original 16 and Bud Light Lime are allowed in the fridges of public stores and private vendors. Pilsner and Coors Light are left out in the warm.

> Why would the government enforce a warm-beer policy?

Why would the government enforce a warm-beer policy? Why would the government even care?

Like children in a sandbox, the government has sent public liquor stores, private vendors and off-sales to different corners of the market. It's the government that decides which players will get which competitive advantages. Public stores and private vendors get pricing advantages. Off-sales get to sell cold beer. Customers get nothing but inconvenience.

And the inconvenience doesn't stop there.

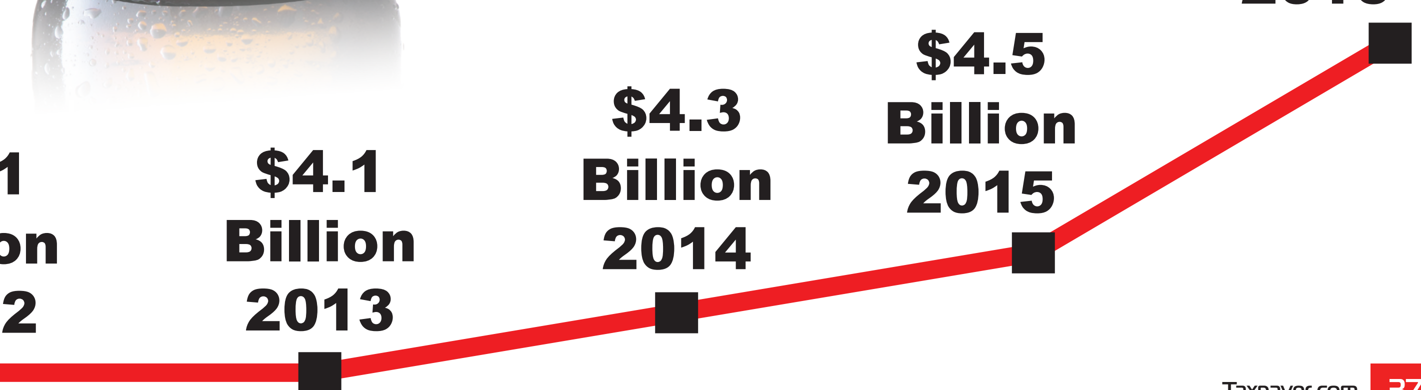
Off-sales were once limited to hotels and brew pubs. A few years ago the Saskatchewan government realized that it doesn't make sense to force an off-sale to have empty hotels or vats of beer that may or may not be drinkable. It opened up off-sales to anyone with a liquor licence. That step forward was immediately followed by a big step backward.

Now the Saskatchewan government limits the number of off-sales allowed in each community. A town with 2,500 people or fewer can only have one off-sale. Saskatoon and Regina are capped at about 20. How does the government know how many off-sales each community needs? Nobody knows.

But it's a good bet that a lot of places could use more retail options than they have now. When a community grows enough to qualify for a new off-sale licence, the government auctions it off. The highest bidder gets to sell booze and everyone else is locked out of the market. The average price for an off-sale is $11,308. There were a couple of off-sale licences sold in Moose Jaw for more than $50,000 each. And someone in Regina paid $126,000 to open an off-sale.

The simple fact that people are willing to pay tens of thousands of dollars to open an off-sale is proof that there aren't enough off-sales in the market. If these communities were already saturated with off-sales, businesses wouldn't pay huge sums to start up another one. Clearly there's more demand than supply.

To recap: the government expressly enforces the sale of warm beer and refuses to allow more off-sales to open in communities that clearly want them. The Saskatchewan government does a lot of things well. Selling beer isn't one of them.



Five reasons government debts aren't like mortgages

by Todd MacKay
Prairie Director

Every time the Manitoba government borrows money, some people inevitably compare it to a home mortgage. But an inch below the spin is the glaring reality that government debt is nothing like a mortgage. Here are five reasons why.

> "The Manitoba government hasn't paid down its debt — or more accurately, our debt — for years."

Reason One: Homeowners have a good reason to borrow, governments don't

The median family income in Manitoba is $70,750. The average cost of a house in Winnipeg is about $280,000. That means for most people the price of a home is four times their annual income. A mortgage is the only realistic option.

In contrast, this year the Manitoba government has an income of about $15 billion, but still has to borrow about $422 million to cover spending. That means the government is borrowing about 3% of its income. That isn't like buying a home; it's more like using a line of credit to buy new shingles. The government isn't borrowing because it has to, but rather because it hasn't saved for extra expenses and won't trim the budget a little when necessary.

Reason Two: Homeowners make monthly payments, governments don't

The mortgage is the first line on every family budget for good reason: skip mortgage payments and the bank repossesses the house.

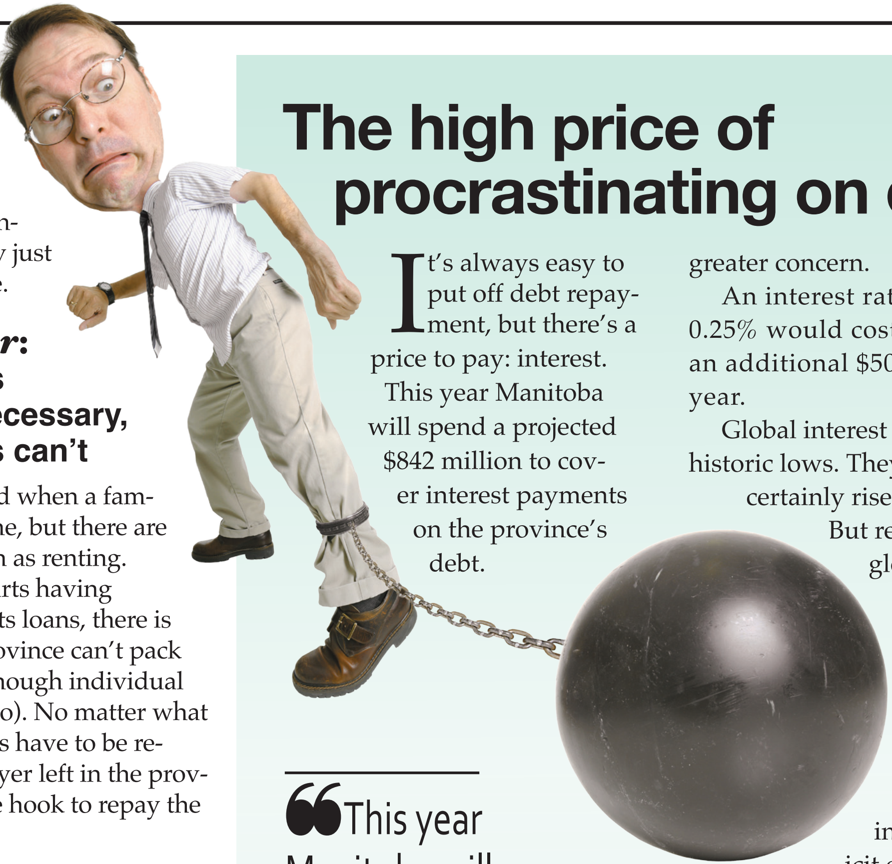
The Manitoba government hasn't paid down its debt — or more accurately, our debt — for years. In fact, governments often make interest payments on existing debt by borrowing more money. So while the average family's mortgage is slowly but surely going down, the province's debt is quickly and steadily going up.

Reason Three: Homeowners back debt with assets, governments back debt with taxpayers

When a family buys a home, they incur a large debt, but they also acquire an asset: their home. Add up all of a family's debts and assets, and the numbers usually even out, or better. If things get tight the family can always sell the house and get out of debt.

Even when government does borrow to build assets, it's not the same. There isn't much of a resale market for highways or hospitals, and even if there were an appetite to sell those assets, the sale price wouldn't cover the debt. Instead, Manitoba government loans are im-

plicitly secured by the guarantee that taxpayers will pay more if necessary. That's why government debt is really just a delayed tax hike.



Reason Four: Homeowners can rent if necessary, governments can't

It's always hard when a family loses their home, but there are other options such as renting.

If Manitoba starts having trouble covering its loans, there is no Plan B. The province can't pack up and move (although individual citizens can and do). No matter what happens, the debts have to be repaid. Every taxpayer left in the province will be on the hook to repay the debt.

Reason Five: Homeowners don't force their kids to co-sign mortgages, governments do

If parents buy a home and don't pay it off, the mortgage won't be hung on the kids. That's because we don't ask our kids to co-sign our mortgages.

The Manitoba government has racked up a debt of well over $30 billion. There is virtually no chance that MLAs who voted for that spending will still be alive if and when the debt is paid.

The debts piled up by current and previous governments will unfairly be left to our kids to pay.

And that's the most important difference between a mortgage and government debt. Families use mortgages to buy homes and make life better for their kids. The Manitoba government is racking up debt that will make life worse for our kids. t

The high price of procrastinating on debt

It's always easy to put off debt repayment, but there's a price to pay: interest.

This year Manitoba will spend a projected $842 million to cover interest payments on the province's debt.

> "This year Manitoba will spend a projected $842 million to cover interest payments on the province's debt."

That's $650 per Manitoban. For a family of four, that's enough to make a couple of monthly mortgage payments.

Manitoba will spend more on interest than the combined budgets for the ministries of agriculture and transportation. That means interest payments are getting a bigger piece of the provincial budget than farmers and roads.

Today's interest costs are only part of the story. Tomorrow's interest costs are cause for even greater concern.

An interest rate increase of 0.25% would cost Manitoba an additional $50 million per year.

Global interest rates are at historic lows. They will almost certainly rise at some point. But regardless of the global economic situation, Manitoba has problems of its own.

The recent Manitoba budget includes a deficit of $422 million. There is no realistic plan to balance the budget for the foreseeable future. That means there's an ever-increasing debt, increasing interest payments and no plan to pay it off.

Bond rating agencies examine government borrowing plans and assess the risk levels for lenders. They're getting nervous when they look at Manitoba. The province's credit rating is taking a beating. Manitoba will be forced to pay higher interest rates.

Interest payments are not optional. When millions are lost to interest payments, those dollars are no longer there to hire nurses or police officers and the lost revenue makes tax cuts nearly impossible. The problem is both predictable and preventable, but it's getting bigger as the Manitoba debt grows.

Ontario's road to balance

by Christine Van Geyn
Ontario Director

In June, Ontario passed the *Building Ontario Up Act*, which implemented the provincial budget. Anyone who cares about Ontario and about the prosperity of future generations should be troubled by Premier Kathleen Wynne and Finance Minister Charles Sousa's budget.

Wynne and Sousa's so-called plan to balance the budget by 2017 relies on three things: limiting spending, economic growth and low interest rates. There are real measures that the Ontario government needs to take to not only put us on the *road* to balance, but to actually *achieve* balance.

Factor One: Spending restraint

Program spending continues to increase. While the rate of growth has been slowed to 0.9% per year, the government needs to do better than slowing the pace at which government expands.

Program spending, and in particular public sector salaries, need to be reined in.

The biggest chunk of program spending goes towards wages; even in the current restrained environment, wages make up more than half of all program spending. In terms of new program spending, three-quarters covers staff pay.

Public sector workers earn a wage premium over their private sector counterparts. In 2015, the Fraser Institute found that the Ontario government pays an 11.5% premium purely on wages.

In his recent book, *Fighting for Taxpayers*, Canadian Taxpayers Federation President Troy Lanigan outlines two reasons for wage premiums. First, bankruptcy is not a factor in government sector negotiations. Governments have an unlimited pool of other people's money — yours — to spend.

Second, government agencies face little or no competition. Individuals cannot choose an alternative provider of most government services, so government unions can demand a wage premium without fear of competitive pressure.

This year's budget assumes the province will keep program spending growth at 0.9%. This is a tenuous assumption

given public sector unions' willingness to strike and the province's demonstrated history of caving to union demands.

In order to really succeed on the road to balance, the government needs to show the courage to take on government unions.

Factor Two: Growth

Wynne is also relying on economic growth, a tenuous plan given that her government seems to be doing everything within its control to stunt private enterprise.

Take the proposed Ontario Retirement Pension Plan (ORPP).

Once ORPP is fully implemented in 2017, Ontario workers will have 1.9% less take-home pay, and Ontario employers will need to pay 1.9% more for each employee.

This new payroll tax will mean less money for families struggling to make ends meet. For businesses, every employee will become more expensive to hire, which will lead to fewer new jobs and possibly job cuts.

Another growth-killing plan is the proposed cap-and-trade carbon tax scheme. It will further increase the cost of doing business in Ontario without any tangible gain. Canada is responsible for only 1.48% of global emissions. Even if all manufacturing were to leave the province, there would be no impact on global warming.

And of course, sky-high electricity rates make Ontario an incredibly expensive place to do business.

Ontario has some of the most expensive hydro rates in North America purely as a result of bad government policy. The *Green Energy Act* and the *Feed-In-Tariff Program* have Ontario paying 11.5 cents per kilowatt hour for wind and 28.8 cents per kilowatt hour for solar power, when the market rate is three cents per kilowatt hour. These rates are driving businesses out of Ontario.

For Wynne and Sousa to rely on "growth" to balance the budget, their government needs to create the conditions for growth. Instead, they're enacting policies that strangle the potential for growth.

Factor Three: Low interest rates

The last factor that the premier and finance minister are relying on to achieve balance by 2017 is continued low interest rates.

The cost of borrowing now is next to nothing, at 0.75%. But in Ontario, we are paying the most on interest any province has ever paid — interest payments on public debt in Ontario now cost $11.4 billion a year.

That's Ontario's third-largest expenditure, more than the entire department of social services.

The reason for Ontario's all-time-record interest payments is the government's all-time-record borrowing.

The budget was called *Building Ontario Up* ... but it should really have been called *Building Ontario Debt Up*. Since 2003, the government will have added $175.7 billion to the public debt, for a total of $314.5 billion. That's $23,296 for every man, woman and child in the province. Ontario is now the largest sub-sovereign borrower in the world.

Interest rates are bound to go up, and Ontario's credit rating has faced yet another downgrade which will drive up the cost of borrowing further. The interest on Ontario debt now has the potential to cripple our economy.

Factor Four: Tax hikes

The tenuous plan for balance means the province will likely rely on tax hikes as a backstop measure.

We've already seen a few taxes go up, from beer taxes to airline fuel taxes to the new income tax bracket created in the 2014 budget.

But the premier needs to stop relying on the taxpayer to bail her out of her fiscal mess.

The government needs to stop spending beyond its means and beyond our means. The government needs to stop borrowing on the backs of future generations. And the government needs to respect the taxpayers who elect them by creating real conditions for growth and prosperity, instead of driving businesses and citizens to other jurisdictions.

How to save money and reduce crime

by Pierre-Guy Veer

According to the latest government data, a grand total of 500 bureaucrats have lost their jobs under Premier Philippe Couillard's government … out of a public workforce of nearly 600,000.

If the provincial and local governments ever want to get serious about cutting spending, perhaps they could look at a recent report from the Montreal Economic Institute (MEI), which suggests privatizing some police services.

Don't be fooled by the sound of this idea; it actually makes a lot of sense. First, crimes per police officer have been falling for 25 years and yet governments keep hiring more police. Not only are they more numerous, but they also have more tasks that, according to the report, are removed from an officer's three main responsibilities: having good comprehension and interpretation of the law, interacting with people in tense situations and using physical force to arrest or calm people down.

In fact, a study quoted by MEI states that only 22 out of the 215 tasks usually attributed to police require all three attributes. Another report from British Columbia says officers spend 40% of their time on administrative tasks such as analysing pictures from photo radar or writing reports, none of which require a high level of policing skills.

Therefore, MEI suggests that such "menial" tasks be given to private security agencies. Villages such as Saint-Lazare and Richelieu, which are otherwise served by the Sûreté du Québec, are already doing this when it comes to surveillance of public spaces. In case of emergency, the SQ responds, treating their calls as a top priority.

Increasing such privatization of work would be a huge money saver. The average police officer in Montreal earns $120,000, compared to $40,000 for the average security agent; the ratio is $140,000 vs. $30,000 in Toronto. For an impaired driving spot check, using six security agents and two police (instead of eight police) would mean spending $2,332 (instead of nearly $5,000) in Montreal and $2,330 (instead of more than $6,000) in Toronto.

Other places have tried such a model and still seen a decrease in crime. The business district around Grand Central Station in New York, for example, privatized "patrolling, surveillance, alerting the police to

Montreal City Police/Jerole/Foter/CC BY-NC-SA

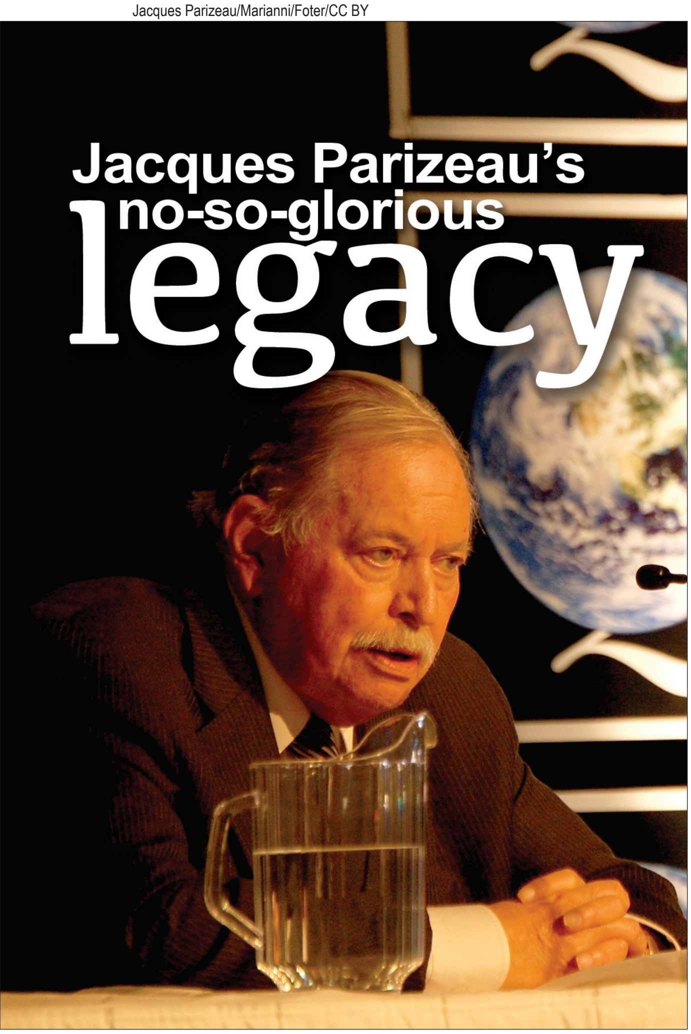
40% of police work involves administrative tasks. Should we pay a police salary to do this work?

crimes and helping citizens as needed" such as giving directions. Between 1988 and 1993 crime in the sector decreased by 53%.

In short, turning over minor tasks to private security agents is not only a huge money saver but would in turn allow police to focus on their core responsibilities. Considering the frailty of public finances, governments should definitely consider this excellent option.

Jacques Parizeau/Marianni/Foter/CC BY

Jacques Parizeau's no-so-glorious legacy



Former Quebec premier Jacques Parizeau died in early June. While the rest of Canada remembers him most for his infamous quote about "money and the ethnic vote" after losing the 1995 referendum, Quebec remembers him as the man who built the province we know today. They're right: he is one of the main reasons why La Belle Province isn't so "pretty."

Like many economists of his time (early 1960s) he was a Keynesian, i.e. a believer in the intervention of government in the economy. He used that power to finalize electricity nationalization with Hydro-Québec, which became a success … thanks to oil shocks. Otherwise those massive expenditures on dams would have ruined the province. HQ gave government its first dividend nearly 20 years after its inception; no sane private business would have waited for so long to yield a profit.

> "He is one of the main reasons why La Belle Province isn't so 'pretty'."

Parizeau tried the same scheme with asbestos by nationalizing 55% of asbestos producers under the Société nationale de l'amiante (SNA) when he was finance minister under René Lévesque. The SNA's avowed goal was to produce more asbestos product in Quebec rather than just exporting raw fibres. Not only was it a financial disaster (the product is now banned in most industrialised countries) but it was based on the faulty assumption that an economy can thrive only through manufacturing.

Parizeau apparently skipped Comparative Advantage 101 when he studied at the London School of Economics. Otherwise he would have known that Quebec's advantage lies in the exploitation of natural resources.

According to data from the ministère des Ressources naturelles, Quebec exploits one quarter of all natural elements. Unfortunately, Quebec's low population density makes it impractical to consume these resources domestically, so they need to be exported. Do Albertans absolutely want to force oil to be refined within the province or do they want to export it? Are people from Nunavut demanding local agriculture?

In both these instances, along with the Société générale de financement (which later became Investissements Québec), Parizeau believed that government was a necessary tool for Quebecers' financial "emancipation." There is one problem with this mentality: there had been no laws whatsoever keeping French speakers from getting into business.

The "evil" English speakers did have a dominant position but it was due to their hard work rather than a Jim Crow-like legal advantage. After all, Joseph-Armand Bombardier and Jean Coutu's businesses have been successful for more than 50 years, starting well before government help existed.

In short, today's Quebec is indeed the result of Parizeau's work. However that's nothing to be proud of. The province went from one of the 10 richest jurisdictions on the planet to one of the poorest north of Mexico. t

BIG company gets breaks paid for by taxpayers

by Kevin Lacey
Atlantic Director

Irving Shipbuilding already received $300 million in handouts from the taxpayers of Nova Scotia to support a $25-billion contract to build warships for the federal government. Now it's getting another big break, this time from the taxpayers of Halifax.

The Irving shipyard was facing an annual property tax bill of $1.5 million and growing. After a vote by city council on a new agreement, it will now pay about a third of that — $563,000.

The Irving shipyard taxes will no longer be based on property assessments; instead the base taxes will rise 2% annually and will be partially calculated based on the number of people Irving employs at the yard.

When all calculations are done, the average annual taxes Irving pays over the 35-year agreement will likely be less than what was originally owed. Even city staff concede the agreement amounts to a 20 to 25% tax break.

The tax break was based on an examination of what "value" a shipyard has relative to the assessed value. The thrust of Irving's argument for a special tax deal has to do with a concept of "external obsolescence." This means the market value is lower than the assessed value for reasons that are beyond a company's control.

A study for Halifax regional council found that the market value of other shipyards in Canada was 75% of the assessed value.

The examples used in the report were the Marystown and Cowhead shipyard sale in 2002 and Quebec's Davie shipyard sales in 2008 and 2011.

However, these shipyards bear little resemblance to the Irving shipyard in Halifax.

Marystown and Cowhead was owned by the Newfoundland government and sold for $1 in 1997. The 2002 sale to current owners Peter Kiewit & Sons happened only after the previous company could not live up to the terms of its agreement with the government.

In addition, Marystown is more than 300 km from St. John's, unlike the Irving shipyard, which is in downtown Halifax.

After the agreement the property tax on the shipyard was reduced from $1.5 million annually to $563,000.

The economic story of the Davie shipyard is a sad one. Prior to 2011, Davie shipyard had gone through numerous investors and partners and needed economic resuscitation before it was sold.

Meanwhile, the Irving shipyard has a brand-new facility with a minimum of $25 billion in orders from the federal government, and sits on a prime piece of real estate in downtown Halifax.

This deal should have taxpayers questioning its fairness.

Take the story of Chris Reardon as an example. He owned a one-storey commercial building near the shipyard. He told the Halifax *Chronicle Herald* in 2012 that his assessment went up 59% in just one year, rais-

NB language commissioner: English-only speakers need not apply

New Brunswick's language commissioner's annual report once again poured more fuel on the province's language debate.

This year the commissioner's main recommendation was blunt and to the point: she wants all senior government workers to be fluently bilingual. So if you are a unilingual anglophone from Saint John or a unilingual francophone from Edmonston, forget about a career in New Brunswick's public service. Worse, if there is someone out there in Canada or beyond who potentially could bring new insight, experience or skills to government, they need not apply unless they speak French.

Such a provision would have kept the province's former auditor general Michael Ferguson from ever serving in government. A unilingual anglophone, Ferguson has gone on to serve as the auditor general of Canada, having just completed the country's largest-ever audit of politicians' expenses. His investigation into Senate expenses flagged 10 senators who the auditor believed were worth a further investigation by the RCMP.

Fortunately, the commissioner's recommendations to force bilingualism on senior government workers did not get much consideration from the current Liberal government. Her report barely hit the minister's desk before the premier announced the government would never implement it.

Language fairness, yes, but what the New Brunswick language commissioner recommended was an over-reach.

Photo: Shipsstarthere.ca

ing his tax bill from about $6,500 to more than $10,000.

City council told him that there was nothing it could do about his high taxes. A few months later, he was forced to sell the building, figuring he just could not continue to pay annual tax increases.

But for the Irvings, council bent over backwards to support a tax break just for them.

In the months leading up to the vote, there was nothing but secrecy and obfuscation.

Taxpayers did not know there was a deal in the works until a regional municipality solicitor admitted to it during a briefing on the enabling legislation in the spring of 2014. We found out how much tax the Irvings owed under the current property assessment model only because it was mentioned in budget documents.

Unless something dramatic happens before the bylaw is passed, with just a few hours of debate council has stuck taxpayers with a deal that will last until 2038. To put that in perspective, a kid starting primary school this year will have graduated from university before this agreement expires.

If there is a silver lining to this, it is that there is an opportunity for the city to look at fairer ways to tax. It may open the door to different taxation for small businesses than big businesses, houses than condos, etc.

This deal gives a big tax break to one big company. It's time the city council gives all taxpayers fairer treatment, both big and small.

Axe the travel tax videos

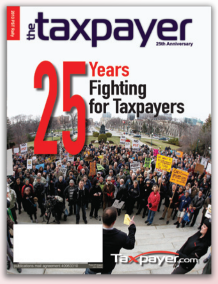
As highlighted in a previous issue of *The Taxpayer*, Ontario Premier Kathleen Wynne has introduced a new travel tax on Ontarians in the form of a 148% increase in the jet fuel tax.

To highlight the unintended effects of the tax, the CTF visited Buffalo and Ogdensburg airports in New York State. We asked Canadian travelers why they had chosen to fly out of the US instead of their local Canadian airport, and talked with US airport representatives about the expected increase in Canadian passengers resulting from the tax increase.

Following our visits, we compiled a three-video set that has together earned more than 20,000 views. You can check out these videos and more by visiting the CTF's YouTube page, **YouTube.com/TaxpayerDotcom**.

REMINDER! *The Taxpayer* is now online

A friendly reminder that this issue of *The Taxpayer* magazine, as well as previous issues of our flagship publication, is now online at **Taxpayer.com**. If you are currently receiving our magazine in the mail, you will continue to do so. However, you now have the option of reading the online version as well.



You can access your online magazine by going to **taxpayer.com/supporters/my-account/** and logging in with the email address you gave us during your most recent financial contribution. If you haven't logged in before, click the "forgot your password" link for help getting set up. If you have any problems accessing your account, please email **updates@taxpayer.com.**

Supporter comment of the issue:

> *"Your organization is the only one that speaks on behalf of the taxpayers. Our MP has never represented his constituents, only his party."*
>
> Wayne Searle

Staff tweet of the issue:

Todd MacKay @toddamackay · May 27

Your mortgage won't go to your kids, but they'll pay govt debt.
5 reasons govt debt isn't like a mortgage. ow.ly/Nutel #mbpoli

13 1

Follow the CTF on Twitter

Every day, CTF staff engage with media, policymakers and supporters over Twitter, the popular social medium where users "tweet" out their thoughts, opinions and observations in 140 characters or fewer.

We have conveniently listed the Twitter "handles" for all of our directors and CTF-controlled accounts. We encourage you to follow and engage with us over Twitter, in addition to all other social media networks where the CTF is active. t

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Aaron Gunn – Executive Director, Generation Screwed: ***@aarongunn***

By the Number$

Political party central campaign spending limit in the 2011 federal election:

$21 million

Political party central campaign spending limit in the 2015 federal election:

$54.5 million

Combined spending limit for 338 candidates from one political party (on top of what the central campaign can spend in the 2015 election):

$73.6 million

Advocacy group (third-party) spending limit during the 2015 federal election:

$439,411

Percentage of central campaign spending a political party will receive back from taxpayers if they receive 2% of the national vote:

50%

Percentage of campaign spending a local candidate will receive back from taxpayers if they receive 10% of the local riding vote:

60%

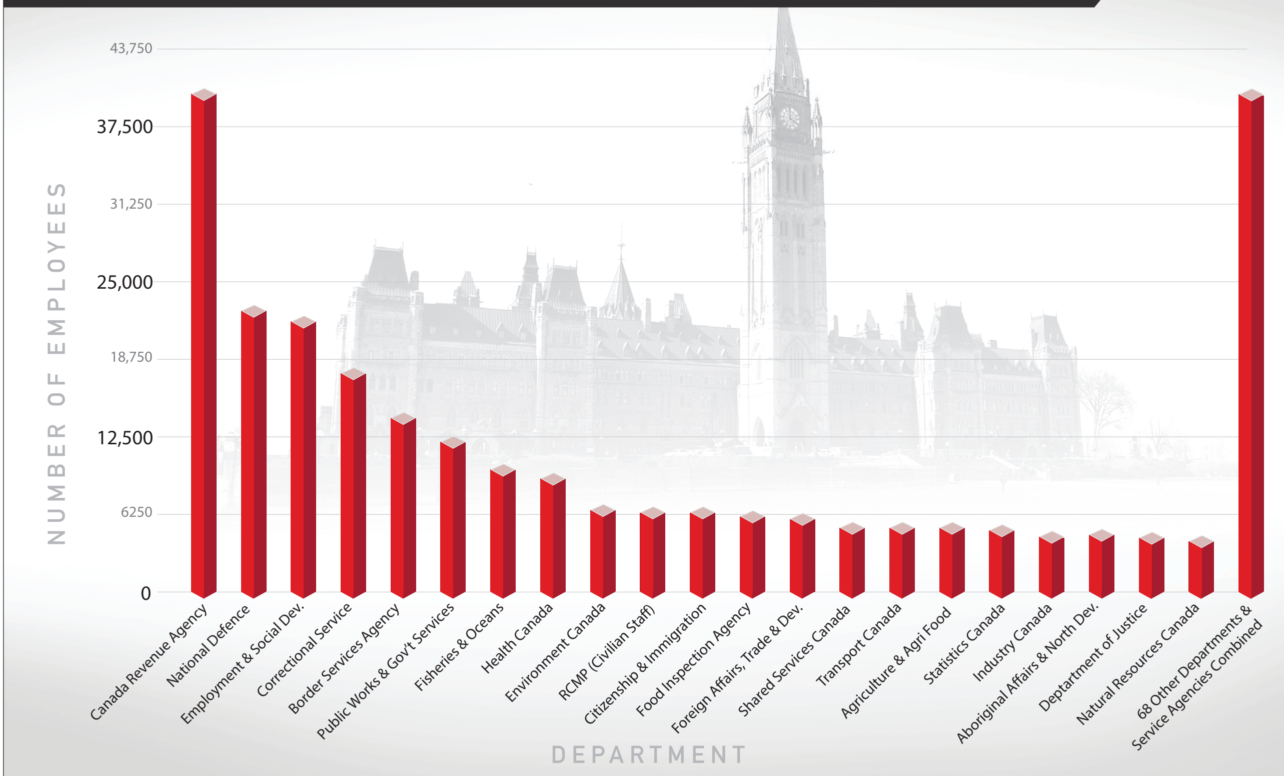
Elections Canada full-time employees in 2000:

235

Elections Canada full-time employees in 2015:

630

Where do the federal government's 257,000 employees work?



Source: Population of the Federal Public Service by Department as of March 31, 2015 (http://www.tbs-sct.gc.ca/res/stats/ssa-pop-eng.asp)

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